

# LOCAL GOVERNMENT GROWING REGIONAL AUSTRALIA

*Volume 1 - Report*

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## Acknowledgements

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### Disclaimer

*Contributions and comments were sought from a number of different stakeholder representatives and other individuals in the preparation of this report. The range of views expressed by these participants does not necessarily reflect those of the regional capital councils involved in the case studies or those of the other stakeholders, the RCA, ACELG or the researchers.*

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## Acronyms

ABS	Australian Bureau of Statistics
ACELG	Australian Centre of Excellence for Local Government
CEDA	Committee for Economic Development Australia
CGG	Council of Greater Geraldton
CoGG	Council of Greater Geelong
CSU	Charles Stuart University
CWW	City of Wagga Wagga
DMLA	Diversify Mackay Leadership Alliance
DRALGAS	Department of Regional Australia, Local Government, Arts and Sport
GFC	Global financial crisis
GRIIF	Geelong Region Innovation and Investment Fund
GRP	Gross Regional Product
IFAD	International Fund for Agricultural Development
LCC	Launceston City Council
LGA	Local Government Area
MIBT	Melbourne Institute of Business and Technology
MIW	Mackay-Isaac-Whitsunday (Region)
MIW REDC	Mackay-Isaac-Whitsunday Regional Economic Development Corporation
MRC	Mackay Regional Council
MWCCI	Mid West Chamber of Commerce and Industry
MWDC	Mid West Development Commission
NBN	National Broadband Network
NDIS	National Disability Insurance Scheme
NIEIR	National Institute of Economic and Industry Research
NTD	Northern Tasmania Development
OECD	Organisation for Economic Cooperation and Development
RAI	Regional Australia Institute
RCA	Regional Capitals Australia
RDA	Regional Development Australia
RDV	Regional Development Victoria
RED	Regional economic development
REROC	Riverina East Regional Organisation of Councils
RIFL	Riverina Intermodal Freight Logistics Hub
ROC	Regional Organisation of Councils
SCI	Sustainable Cities International

SEGRA	Sustainable Economic Growth for Regional Australia
SES	State Emergency Service
SKA	Square Kilometre Array (radio telescope)
SUA	(ABS) Significant Urban Area
TAFE	Technical and Further Education
UCQ	University of Central Queensland
UDIA	Urban Development Institute of Australia
UN	United Nations
UNDP	United Nations Development Program
VLGA	Victorian Local Government Association
WCED	World Commission on Environment and Development

## Executive summary

In 2014 a major research project was undertaken as a collaborative study between the Regional Capitals Australia (RCA) group and the Australian Centre of Excellence for Local Government (ACELG) under ACELG's Research Partnership Program. The study investigated the factors that contribute to building strong sustainable regional capitals and regions with a particular focus on identifying key governance and leadership ingredients and the part played by regional capital local governments in attaining this outcome. Specifically it addressed three research questions:

1. What is meant by a strong sustainable regional capital and region?
2. What are the key drivers and inhibitors in building a strong sustainable regional capital and region?
3. What key local government governance and leadership ingredients help to create and/or enhance these drivers, and/or eliminate/minimise the effects of inhibitors to building a strong sustainable regional capital and region?

The outcomes of this research are presented in two volumes which make up the final report. This document constitutes Volume One of the report. It provides an overview of the project, its background and aims, a summary literature review, an outline of the research methods used and summaries of the case studies. It also presents the detailed research findings and conclusions that emerged from a synthesis of the outcomes of the individual case studies. The Volume Two report complements this document and provides the full literature review produced in Stage One of the research, the full case studies and a complete bibliography for all references from which material was derived.

This study was conducted in three main stages:

1. a detailed literature review
2. in-depth case studies involving stakeholder interviews and desktop analysis
3. a synthesis of the literature review outcomes and case study findings.

## Literature review

For the purpose of this study the following definitions were adopted based on a review of the literature:

A 'regional capital' is an urban centre that is a discrete entity located outside the urban growth area of the nation's capital cities and functions as the primary nodal point and service centre for people living in the surrounding network of smaller towns, rural communities and hinterland.

A 'region' is the network of regional urban centres and hinterland areas located in the space immediately surrounding a primary regional urban centre with which the population identifies as the nodal point for providing primary transport links and economic, social and cultural services.

A 'strong sustainable regional capital and region' is a regional capital and region that progressively displays high or increasing levels of resilience thereby building its self-reliance and which exhibits progressive improvements in its performance on the core sustainability dimensions considered important by its citizens, so that the quality of life of its current population does not compromise the quality of life of its future generations.

Several key drivers and inhibitors of regional development were identified in the literature review. These include:

- *Environmental factors*: Environmental and natural resource endowments, which include minerals, agricultural land, forests and marine resources, the climate, topography and proximity to the coast and capital cities, form the fundamental foundation on which regional capitals and regions derive a comparative advantage or disadvantage.
- *Community capital*: The main forms of community capital include public and private capital infrastructure and essential services, human capital, social capital and cultural capital which are strongly interrelated and jointly contribute to building community resilience and promoting sustainable regional economic development (RED).
- *Entrepreneurship, creativity and innovation*: Creative, innovative and entrepreneurial ability and capacity are widely regarded as important forces for building regional competitiveness and promoting growth and development as they facilitate new product development and diversification, technology transfer, new market development and problem-solving.
- *Institutional factors*: The institutional environment is determined by a combination of federal, state and local government policies, regulations and interactions as these create the incentive structure and therefore generate the conditions that influence investment decisions and can either impose constraints or facilitate the pursuit of development opportunities.
- *Governance*: This is the set of institutions, systems, processes and relationships that exist at the local and regional level through which revenue is raised, decisions are made, services are provided, security is maintained and power is exercised and shared. A shift to effective local governance frameworks has been a response of many local governments to cope with the effects of radical change and to ensure the sustainable development of their communities.
- *Leadership*: Councils can, and are often expected to be, leading advocates in resolving community issues and promoting the development of local economies (Morris, 2011). A focus on place-based (local) leadership is advocated as it can play a crucial role in strengthening the orchestrating function of councils in the highly dynamic environment in which communities function (Hambleton, 2011). Beer and Clower (2014) identified key enablers and inhibitors of effective local leadership as:
  - governance arrangements
  - institutional ‘thickness’
  - collaborative advantage
  - policy networks
  - ‘slack’ resources
  - shared power and leadership
  - progressive and proactive approaches
  - entrepreneurialism.

## Case studies

Five suitable regional capitals were selected as case studies for this research – Geelong in Victoria, Geraldton in Western Australia, Launceston in Tasmania, Mackay in Queensland and Wagga Wagga in New South Wales (see Table 1).

These cases met the criteria for being regional capitals and provided diversity in terms of population size, distance from a capital city and the coast, jurisdiction and economic base and they displayed some core characteristics of progression towards becoming strong sustainable regional capitals.



**Table 1: Selected case study regional capitals and regions**

Criteria	Greater Geelong	Greater Geraldton	Launceston	Mackay	Wagga Wagga
Jurisdiction	Victoria	Western Australia	Tasmania	Queensland	New South Wales
Region	Barwon/G21	Mid West	Northern Tasmania	Mackay-Whitsunday-Isaac	Riverina East
Location	Coastal	Coastal	Inland	Coastal	Inland
Distance of regional capital from State capital	75 km	424 km	200 km	970 km	460 km
Size of regional capital LGA	1,245 sq.km	12,483 sq. km	1,405 sq.km	7,622 sq.km	4,886 sq. km
Size of region	8,944 sq. km	466,766 sq. km	20,700 sq. Km	90,363 sq. km	47,917 sq. km
Population of regional capital LGA – ABS 2013	221,515	40,448	67,035	121,909	63,115
Population of region – ABS 2013	293,700	57,901	143,544	180,200	139,043

The case study interview design focussed on examining the role of the regional capital council in relation to the governance approaches it uses for promoting engagement, participation and cooperation amongst key stakeholders, its engagement and leadership approaches, the strategies used to influence other RED drivers and to build organisational and community resilience as well as the framework used to monitor outcomes.

The insights gained from the case study interviews were combined with findings from a desktop analysis to prepare detailed case studies that can be found in volume two of the project report and case summaries found in part three of this volume of the report. As well as describing the key drivers and inhibitors of development, the governance framework and the responses of the regional capital council and other stakeholders to major events, the key governance and leadership ‘ingredients’ for each of the case studies are identified. A summary of the key findings are summarised in Table 2.

**Table 2: Case studies key features summary**

Selected drivers	Selected inhibitors	Key events identified as driving development	Key governance and leadership 'ingredients'
<b>Greater Geelong/ Barwon-G21 (Vic)</b>			
<ul style="list-style-type: none"> <li>• coastal location and attractive coastline</li> <li>• proximity to Melbourne</li> <li>• transport (road, rail, port) infrastructure</li> <li>• extensive community and cultural infrastructure</li> <li>• major education institutions</li> <li>• significant public sector employment</li> <li>• large population and role as the second-largest city in Victoria.</li> </ul>	<ul style="list-style-type: none"> <li>• impact of the GFC</li> <li>• reliance on the declining manufacturing sector</li> <li>• business closures and the collapse of the car industry</li> <li>• impacts of these closures on public perception and local morale</li> <li>• strained transport links</li> <li>• poor alignment of workforce skills set</li> <li>• pockets of socio-economic disadvantage</li> <li>• ageing population and lower-than average health outcomes.</li> </ul>	<ul style="list-style-type: none"> <li>• establishment of G21 Alliance and other formal and informal relationships</li> <li>• development of G21 Regional Growth and Implementation Plan</li> <li>• establishment of - Geelong Region Innovation and Investment Fund (GRIIF)</li> <li>• regional rail link project</li> <li>• expansion/development of community and cultural infrastructure</li> <li>• development of Deakin University</li> <li>• hospital and health hub development</li> <li>• attraction of National Disability Insurance Scheme (NDIS) headquarters to Geelong</li> <li>• urban growth projects.</li> </ul>	<ul style="list-style-type: none"> <li>• articulating a clear vision for the G21 region</li> <li>• addressing complex social issues</li> <li>• developing partnerships and fostering innovation</li> <li>• winning resources</li> <li>• promoting the qualities of the region</li> <li>• the region's institutional 'thickness'.</li> </ul>
<b>Greater Geraldton/ Mid West (WA)</b>			
<ul style="list-style-type: none"> <li>• coastal location close to major mining areas in the Mid West</li> <li>• quality agricultural and marine resources</li> <li>• distance from Perth reinforces its role as Mid West centre</li> <li>• established road, rail and port infrastructure</li> <li>• NBN rollout to Geraldton.</li> </ul>	<ul style="list-style-type: none"> <li>• impact of the GFC</li> <li>• reliance on mining and impact of commodities cycle</li> <li>• mining transition from construction to operational phase</li> <li>• distance from other cities</li> <li>• infrastructure capacity issues</li> <li>• stalling of Oakajee port, rail and industry precinct project</li> </ul>	<ul style="list-style-type: none"> <li>• foreshore redevelopment</li> <li>• deepening of the current port</li> <li>• Royalties for Regions program grant successes</li> <li>• Batavia Coast Marina development</li> <li>• Geraldton Airport and technology park</li> <li>• Square Kilometre Array project</li> <li>• Geraldton</li> </ul>	<ul style="list-style-type: none"> <li>• a focus on forming strategic partnerships</li> <li>• a focus on integration of planning and a planned agenda for growth</li> <li>• a strong participatory approach to governance and decision making</li> <li>• a proactive council stance.</li> </ul>

Selected drivers	Selected inhibitors	Key events identified as driving development	Key governance and leadership 'ingredients'
	<ul style="list-style-type: none"> <li>appearance of some CBD buildings</li> <li>low population numbers, densities and governance fragmentation in the Mid West</li> <li>impact of the drought.</li> </ul>	<p>Universities centre and Square Kilometre Array tie-in</p> <ul style="list-style-type: none"> <li>convincing the previous state government to invest in infrastructure.</li> </ul>	
Launceston/ Northern Tasmania (Tas)			
<ul style="list-style-type: none"> <li>major centre in the region and Tasmania's second-largest city</li> <li>largest LGA in Tasmania in terms of population</li> <li>major port and transport infrastructure</li> <li>fertile region with high quality products</li> <li>extensive range of educational, cultural, recreational and social facilities</li> <li>Winner of Most Family Friendly City award.</li> </ul>	<ul style="list-style-type: none"> <li>decline in the timber industry and the collapse of the Bell Bay (Tamar Valley) Pulp Mill proposal</li> <li>impact of the GFC</li> <li>additional licence fee at the Port of Melbourne imposed</li> <li>closure of car parts and other manufacturers</li> <li>declining household incomes resulting from other events</li> <li>tensions in the regional governance framework.</li> </ul>	<ul style="list-style-type: none"> <li>development of Greater Launceston Plan</li> <li>North East Mountain Bike Project</li> <li>residential and tourism developments.</li> </ul>	<ul style="list-style-type: none"> <li>innovation and cooperation in diversifying the regional economy</li> <li>creating a regional context for strategic planning and economic development</li> <li>a proactive approach to engaging with the development sector.</li> </ul>
Mackay/ Mackay-Isaac-Whitsunday (Qld)			
<ul style="list-style-type: none"> <li>coastal location close to coal deposits in the Bowen and Galilee Basins</li> <li>major export seaports and airport</li> <li>role as a transport hub on the national road and rail networks</li> <li>rich and diverse natural environment</li> <li>role as gateway to the Great Barrier Reef.</li> </ul>	<ul style="list-style-type: none"> <li>impact of the GFC</li> <li>mines moving from construction to operation phase</li> <li>declining coal prices and high Australian dollar</li> <li>pressures from mining and population growth on regional infrastructure</li> <li>sensitive environmental location</li> <li>expensive to service dispersed residential development</li> </ul>	<ul style="list-style-type: none"> <li>'Diversify Mackay' initiative</li> <li>Development Reference Group forums</li> <li>Woodlands Estate joint venture</li> <li>successful application to Royalties for Regions for road infrastructure</li> <li>opening of 'dual sector' UCQ campus</li> </ul>	<ul style="list-style-type: none"> <li>developing a collaborative model of shared leadership</li> <li>striking a balance between regional collaboration and local development</li> <li>a proactive approach to engaging with the development sector</li> <li>seeking long-term sustainability</li> <li>adopting an entrepreneurial approach to developing housing on council land.</li> </ul>

Selected drivers	Selected inhibitors	Key events identified as driving development	Key governance and leadership 'ingredients'
	<ul style="list-style-type: none"> <li>• high wages in the mining sector affect other employers including councils</li> <li>• impact of recent cyclones.</li> </ul>		
Wagga Wagga/ Riverina East (NSW)			
<ul style="list-style-type: none"> <li>• largest inland city in NSW in terms of population</li> <li>• location halfway between Sydney and Melbourne on key road and rail links</li> <li>• airport is major gateway to the Riverina</li> <li>• role as the major service centre for the Riverina and southern NSW</li> <li>• agricultural and horticultural outputs of the Riverina</li> <li>• highly diversified industry base</li> <li>• major education and defence training facilities</li> <li>• presence of major hospital</li> <li>• high-quality cultural, recreational and social infrastructure</li> <li>• 'Family friendly city' award in 2014.</li> </ul>	<ul style="list-style-type: none"> <li>• long-term drought</li> <li>• flood events in 2010 and particularly in 2012</li> <li>• impact of the GFC</li> <li>• high Australian dollar</li> <li>• increasing energy costs</li> <li>• community concern over of the Murray-Darling Basin Plan</li> <li>• changes in federal/state government policies and funding reductions.</li> </ul>	<ul style="list-style-type: none"> <li>• response to the 2012 flood event and subsequent recovery and reconstruction process</li> <li>• Wagga Wagga Base Hospital upgrade</li> <li>• Wagga Wagga Airport upgrade in line with the Airport Master Plan</li> <li>• establishment of the Rex Australian Airline Pilot Academy</li> <li>• successful funding applications for the Riverina Intermodal Freight Logistics hub and CBD CCTV projects</li> <li>• development of the Equine Centre at Charles Sturt University</li> <li>• establishment of the Committee 4 Wagga and the Emerging Leaders Program</li> <li>• Bomen Business Park initiative</li> <li>• participation in the Digital enterprise program</li> <li>• commercial and residential developments.</li> </ul>	<ul style="list-style-type: none"> <li>• a commitment to growth</li> <li>• collaborative governance and decision making</li> <li>• building community resilience</li> <li>• a flexible approach to project development</li> <li>• a 'hands-on' approach to advocacy.</li> </ul>

## Outcomes – the key ingredients for growing sustainable regional capitals and regions

Each of the case studies provided insights to key leadership and governance factors or ingredients which appear to have been significant in fostering sustainable economic development. While these are often closely related to the regional context and the drivers and inhibitors specific to each region, there are a number which potentially have more general application, both in relation to the role of local governance frameworks and more specifically the contribution of the regional capital council. In terms of governance frameworks the ingredients identified include:

- *a shared commitment amongst a range of key stakeholders to supporting regional wellbeing and growth with adequate slack resources to participate effectively.* The presence of a range of types of organisations which have different purposes but are prepared to participate collaboratively in different aspects of regional development was noted in all the case study regions. These include not only agencies which are specifically involved in economic growth but also those that are engaged in other aspects of development.
- *effective formal regional structure(s) which provide a framework for interaction and regional cooperation and collaboration.* All the case study regions have at least one formal regional body which engages with local government and to varying degrees with other stakeholders. However, how these organisations are auspiced, and even the areas in which they specialise, do not seem to be significant in determining their effectiveness at providing a regional framework for collaboration. Regional structures can also provide a basis for sharing information and for developing shared visions and strategies, as well as for resolving potential disagreements between stakeholders.
- *the capacity for regional stakeholders to work together in developing both informal collaborations and more formal partnerships.* While they are important in their own right, formal regional structures also provide a basis for fostering a culture of collaboration and the development of a wider range of relationships, ranging from multilateral formal agreements to more informal bilateral arrangements.
- *a shared approach to leadership.* Most of the case study regions provided examples of projects in which the regional capital council, neighbouring councils and/or other stakeholders provided either joint leadership or specific components of leadership at different times and/or stages of a development project initiative.

Within this framework the contribution of regional capitals to governance and leadership is central to the development of their regions. The size of the regional capitals and the agglomeration of infrastructure and services available in each of them mean that by default they have a role as regional leaders. Some of the key shared ingredients for success adopted by a number of the councils include:

- *the ability to work with other major stakeholders to build ‘horizontal’ or distributed leadership coalitions and policy frameworks.* This involves the regional capital council explicitly leading a process of building on and extending the regional organisations, formal agreements and informal relationships described earlier to create a framework for collaborations in which power is distributed but held accountable. While the regional council has a central role, these coalitions engage other stakeholders not only as participants but also as leaders.
- *the development of an effective advocacy strategy to engage with state and federal governments as well as the local/regional community.* Advocacy, like leadership, is more effective when it is shared. Most of the regional capital councils have identified ways in which they can build on the formal authority they hold as elected local bodies to lead campaigns to lobby state and federal governments, especially in relation to key policy issues and major funding applications.

- *support for projects and the adoption of strategies that support specifically the growth of the regional capital but also, directly or indirectly, the development of the wider region.* Supporting the growth of the regional city and LGA can be a key way in which the regional capital councils support wider regional development. This is because these centres contain a significant proportion of the regional population and also provide facilities and services that support the whole region and in some cases areas beyond. Better results are achieved when this relationship is considered in project prioritisation and development planning and decisions.
- *the development of strategies to assist in the diversification of the regional and/or local economy.* In addition to developing policies which support the current suite of industries in the regional capital and region, some regional capital councils with a more limited economic base were found to be engaged in strategies to diversify either their regional and/or local economies. These strategies seek to encourage the creation and growth of enterprises that are not so directly dependent on the region's major 'traditional' business sectors.
- *engagement in a proactive, flexible but professional relationship with the development sector.* A number of the regional capital councils identified the importance of building positive relationships with developers within their LGAs, especially for large-scale development proposals. This involves promoting an 'open for business' image, for example by being receptive to major proposals and adopting a balanced and professional approach to working with the proponents to address any key issues.
- *a commitment to innovation and entrepreneurialism.* Most state governments limit the ability of councils to be directly involved in commercial activities, but a number of the regional capital councils have developed infrastructure such as airports, technology parks and other facilities to create environments that will support private sector innovation and entrepreneurial activities. Further, there is evidence of regional capital councils taking innovative approaches to working with other stakeholders to solve community problems and to foster development.
- *the capacity to respond to major negative events and to minimise their impacts.* All the case study regional capital councils had needed to respond to major negative events in recent years. These included natural disasters such as drought, flooding and cyclones as well as other crises such as the impacts of the GFC, the downturn in mining, the decline of manufacturing and the collapse of the timber industry. The more successful initiatives appeared to be aimed at building community and business resilience throughout the recovery phase so that residents and businesses can better cope next time such an event occurs.
- *an ability to 'scan' for future trends and respond proactively.* Complementing the other ingredients is the capacity to anticipate future trends which could provide potential threats and/or opportunities and respond to these appropriately. This builds on but goes beyond the ability to deal with negative events after they have occurred and strategies to develop economic diversity. Importantly, it involves not just attempts to forecast these trends but also attempts to get on the front foot in recasting the region's economic direction.

# 1 Introduction

This research project was undertaken as a collaborative study between the Regional Capitals Australia (RCA) group and the Australian Centre of Excellence for Local Government (ACELG) under ACELG's Research Partnership Program which was designed to support research partnerships with industry stakeholders. The RCA alliance members firmly believe that while regional capitals appear to be central to Australia's regional development agenda, the success factors that contribute to building strong sustainable regional capitals and regions have largely gone unexamined. They were particularly keen to explore the governance and leadership roles played by regional capital local governments, and how this helps to grow regional cities and regions. Thus, in 2013 the RCA group approached ACELG to partner it in this research.

The RCA group is an alliance of regional capital local governments established in 2012 to provide a renewed focus on the role that regional capitals can play in Australia's future and to create a more collaborative approach to the development of Australia's regional cities. It is committed to working with state/territory and federal governments to help promote and build sustainable regional cities based on the premise that by becoming strong economic hubs with diverse employment options and industries strongly connected to national infrastructure, regional cities can play a greater role in regional development (RAI, 2012a, website).

ACELG was established in 2009 as a federal government initiative. A unique collaboration of universities and professional bodies committed to advancing local government in Australia, its stated vision is to build 'world-class local government to meet the emerging challenges of 21st century Australia' (ACELG website). One of ACELG's six programs is Research and Policy Foresight which aims to support evidence-based policy formulation, promote policy debate on key issues and help to address the major challenges that local governments face.

At the outset, the researchers concede that an extensive body of national and international research that is highly relevant to regional development and policy in Australia already exists. While this study draws on findings from this field of work, the authors also acknowledge the Regional Australia Institute's (RAI) conclusions, drawn from a comprehensive and systematic analysis of academic and non-academic literature on regional issues, that this field is highly fragmented and much additional research is still needed. The RAI not only noted that international regional development research appears to have limited application and adaptive potential for the Australian context (RAI, 2012a) but also identified the relevance and effectiveness of local leadership in achieving successful transitions and managing change as one key area needing further investigation. This research seeks to bring new understandings, even if only modest, to how local government governance and leadership can play a part in helping to grow regional capitals and regions.

## 1.1 Background and rationale for the research

Regional economic development (RED) has long been of interest to academics, policy makers and local government practitioners and the continued development of regional Australia has been a policy priority of both state and federal governments for decades. Regional development is both a product and a process. It refers to 'the application of economic processes and resources available to a region that result in the sustainable development of and the desired economic outcomes for a region and that meet the values and expectations of business, of residents and of visitors' (Stimson, Stough, & Roberts, 2006, p. 6).

Over time, approaches to RED have evolved. In the 1950s and 1960s exogenous (external) factors were viewed as the primary drivers of development with differences between regions reflecting their comparative advantages and disadvantages. Between the 1970s and 1990s RED thinking

shifted away from building regional comparative advantage to developing regional competitive advantage – that is, acquiring and developing attributes and resources that distinguish the region from its competitors so it outperforms them in the minds of customers, as these attributes and resources are not easily duplicated (DRALGAS, 2013; Stimson, Stough, & Nijkamp, 2011). Current thinking in RED, however, focuses on sustainable development and emphasises endogenous (internal) factors and processes in driving development. Endogenous growth theory embraces an integrated approach that seeks to enhance a region’s capacity and capability to better use its resource endowments by drawing on collaborative advantage across public, private and community sectors (Stimson et al., 2011). Table 3 provides an overview of the evolution of RED thinking and policy over this period.

**Table 3: Old and new paradigms of regional economic development**

	Old paradigm	New paradigm
<b>Objectives</b>	Compensating temporarily for location disadvantages of lagging regions	Tapping underutilised potential in all regions for enhancing regional competitiveness
<b>Unit of intervention</b>	Administrative units	Functional economic units
<b>Strategies</b>	Sectoral approach	Integrated development approach
<b>Tools</b>	Subsidies and state aid	Mix of soft and hard capital (capital stock, labour market, business environment, social capital and networks)
<b>Actors</b>	Central government	Different levels of government

*Source: OECD (2009), Regions Matter: Economic Recovery, Innovation and Sustainable Growth, p. 51*

With the shift in RED thinking came a change in approach to regional development from a hierarchical top-down approach, with national governments centrally planning and implementing sectoral or program-specific intervention initiatives, to a more ‘place-based’ holistic regional approach which requires decentralised planning, decision-making and implementation with local initiatives being devolved down to the lowest level possible. This not only elevates the potential role of local government in local and regional development but also highlights the need for much greater intergovernmental cooperation and recognition of the wide range of players who can and do contribute to RED (Bellamy & Brown, 2009). In addition, it places a greater focus on governance and leadership at the local and regional levels in the development of regional capitals and their surrounding regions.

Although regional capitals in Australia are quite diverse in size and characteristics, they all share the unique role of providing a central point of access to essential infrastructure, services, business, employment and education. They support not only local residents but the whole network of surrounding towns and rural communities. In the regional development policy space, local government is being increasingly left to coordinate and produce the lion’s share of regional visioning, planning, engagement and budgeting for development priorities and projects because it is the closest governing authority to communities and closest to and most accountable for the ambitions and values of the communities they represent.



Despite the requirement for evidence-based policy, the success factors that go into creating strong sustainable regional capitals and regions have largely gone unexamined. Local government operates within constantly shifting policy and funding structures, particularly in the regional development space. These factors make governance and leadership in the development of regional capitals and the wider region important to define and essential to foster. Thus, the RCA alliance members in collaboration with the ACELG sought to explore two important factors that underpin regional development – the governance framework and effective local leadership.

## 1.2 Research aims and questions

Broadly, the purpose of this study was to investigate what factors contribute to building strong sustainable regional capitals and regions, with a particular focus on identifying key governance and leadership ingredients and the part played by regional capital local governments in attaining this outcome. With this broad aim in mind, this study addresses three specific research questions:

1. What is meant by a strong sustainable regional capital and region?
2. What are the key drivers and inhibitors in building a strong sustainable regional capital and region?
3. What key local government governance and leadership ingredients help to create and/or enhance these drivers, and/or eliminate/minimise the effects of inhibitors to building a strong sustainable regional capital and region?

## 1.3 Research method

For this study it was considered important to use more than one source of data to address the research questions as this helps to lower the possibility of bias that can emerge from relying solely on a single source. This approach enables a process of triangulation to be used so that the findings of each data source can be compared to the findings from the other sources to see if they support each other. Thus, for this research data was collected from the following sources:

- a review of existing literature, including relevant prior studies
- case study interviews with senior practitioners associated with the regional capital councils
- case study interviews with other representatives from other councils in each region and other key non-local government stakeholders with some involvement in local and regional development
- secondary data from a desktop analysis of published documents pertaining to the local councils of regional capitals and other key stakeholder organisations.

To address the three research questions outlined above, the study was conducted in three main stages:

1. *Literature review*: This stage involved a review of current published academic and non-academic literature, including prior studies relevant to the research topic. The purpose of the review was to explore current knowledge and thinking in three key areas:
  - the meaning of the terms ‘strong and sustainable’, ‘regional capital’ and ‘region’
  - key indicators of a sustainable regional capital and region
  - drivers and inhibitors of the development of regional capitals and regions.

The main outcomes sought from this review of the current literature were to:

- provide a clear and concise definition of a strong sustainable regional capital and region
- develop a list of key factors known to drive or inhibit development at a local and regional scale

- develop some criteria for selecting suitable regional capitals as case studies for the second stage of the research.

The findings of the literature review were also used as a framework for developing an interview template for conducting the case study interviews in Stage 2 of this research.

2. *Case studies:* In-depth case studies were conducted on five regional capitals which were selected in consultation with RCA representatives based on an evaluation against criteria developed as part of the literature review. The case studies involved two main phases:

- *Desktop analysis of published documents:* Relevant contextual information, including census and other data, key sustainable development indicators and key drivers and inhibitors of development in each of the selected regional capitals and regions was gathered to inform the case study.
- *Stakeholder interviews:* Between five and seven in-depth interviews were conducted for each regional capital case study using a semi-structured interviewing process guided by an interview template developed in the first stage of this study. Assistance was sought from a representative from each regional capital council to identify suitable stakeholders to interview. The people selected for interview included a mixture of stakeholders from local government, state and/or federal government agencies, community organisations and industries with some form of involvement in local and/or regional governance, leadership and development.

A detailed report was prepared for each of the case studies and distributed to the RCA group and regional capital council representatives for review and to obtain feedback on the accuracy of factual information contained in the report.

3. *Synthesis of the case study findings:* In the final stage of the research the findings of the five case studies were synthesised to identify common themes and to draw out what key governance and leadership factors were present in the regional capitals, and the governance and leadership roles played by the regional capital local governments in promoting the development of their local communities and regions. The synthesis process involved using a framework of enablers and inhibitors to good governance and effective leadership derived from the literature. The outcome of this process was the identification of key governance and leadership ingredients that could form a governance and leadership framework for guiding regional capital local governments in promoting the development of their regional capitals and regions.

## 2 Literature review: overview

The literature review examined the meaning of a 'strong sustainable regional capital and region' and identified key drivers and inhibitors of sustainable RED. The following sections provide an overview of the detailed literature review contained in Volume 2 of this report.

### 2.1 Regional cities, regions and regional development

Worldwide, cities are recognised as important engines of economic growth (CEDA & RDV, 2013) and there is a growing consensus that having vital regional cities and rural regions is important to state and national economies (CEDA & RDV, 2013; DRALGAS, 2013; Kidokoro, Muryama, Katayama, & Shima, 2008; McDonald, Saxena, & Maharaj, 2013; OECD, 2009; RAI). Australia is one of the most urbanised nations in the world, with about two-thirds of its population living in the states' capital cities (Beer & Clower, 2009; Budge & Butt, 2007), yet it also has a substantial network of major regional urban centres which account for about 20% of the nation's population (Budge & Chesterfield, 2011).

The significant contribution of regional cities and regions to the prosperity and wellbeing of the nation is clearly evident in much of the rhetoric found in the 2013 Regional Economic Development Guide launched by the Department of Regional Australia, Local Government, Arts and Sport (DRALGAS). It is also widely noted in the regional development literature where it is observed that:

- Australia's regional cities and regions provide the foundations on which the growth and prosperity of the nation and its states are built (Beer & Clower, 2009; CEDA & RDV, 2013).
- Regional cities and regions are linked economically, socially and culturally so are co-dependent (DRALGAS, 2013).
- Regional cities have a strong regional role, not only in providing primary transport, economic and social links within their regions and to the capital city (CEDA & RDV, 2013), but also in connecting rural areas with national and international markets (Owusu, 2005), providing a range of services to their hinterlands (Beer & Clower, 2009; CEDA & RDV, 2013; DRALGAS, 2013) and being centres for disseminating government policies (Owusu, 2005).
- Many of the nation's medium and small cities are vibrant contributors to urban change, and are growing faster than major capital cities (Budge & Chesterfield, 2011; Duncan, 2011).
- Many rural and regional areas provide valuable environmental and recreational services for large urban metropolitan areas (OECD, 2009).

Nonetheless, regional cities continue to be under-recognised in economic development debate and in planning and policy formulation (Beer, 2007; Budge & Butt, 2009; Duncan, 2011; McDonald, et al., 2013). They remain the least studied and least understood elements of national urban systems (Bell & Jayne, 2009). This is abundantly apparent in the Australian Government's urban policy which focuses only on issues affecting urban centres with 100,000 or more people (Budge & Chesterfield, 2011).

Furthermore, Budge and Butt (2007, 2009) assert that regional cities have different drivers of growth and different sources of economic change and so need different approaches to planning when compared to large metropolitan areas, and yet few examples of emerging differentiated approaches are evident. These authors call for further research providing specific examples of the types and effectiveness of different interventions by regional cities to inform the development of policy and the suitability of different approaches for different contexts.

## 2.2 What is a 'strong sustainable regional capital and region'?

The term 'region' holds different meanings for different people. Kidokoro, Muryama, Katayama and Shima (2008) describe a region as a historical, cultural and economic entity that exists at the sub-national level, while Capello and Nijkamp (2011) define it as an intermediate area somewhere between a nation and its citizens, indicating that it has no specific scale. Edwards (2012, p. 484) concludes that regions are not fixed entities but complicated places that have 'emerged at particular moments, around particular issues, and through the interests of particular groups in our nation's past', thereby acknowledging their dynamic, emerging and evolving nature.

Today the term 'regional Australia' is commonly used to describe all locations outside the major metropolitan areas of the nation's capital cities (Polese, 2013; RAI). It seems that a region can be narrowly defined in terms of the geographic area surrounding a single urban centre that provides a range of functions serving the residents of that area, or more broadly in terms of a network of urban centres that provide different types and levels of functions for the people living in the hinterland.

Similarly, no clear agreed term or definition was found for 'regional capital'. Rather, an interchangeable set of terms is used to describe non-metropolitan or regional urban centres in Australia. Broader terms like regional city, regional centre and district capital appear closest in meaning to the concept of a regional capital, with the term 'regional capital' being used interchangeably with 'regional city'. Regardless of the terminology used, regional urban centres are broadly recognised as places that typically perform various key roles that have impacts beyond their geographic boundaries.

The primary criteria found in the literature for defining regional cities/centres are:

- a distinct, separate entity outside the urban growth areas of the nation's capital cities
- an urban centre with an economic structure that displays some complexity and is not entirely dependent on a larger centre so does not function as a satellite to a larger centre
- the primary urban centre in the region
- a population above some specified cut-off (in Australia most commonly a minimum of 10,000 people) (Beer, Bolam, & Maude, 1994; Beer & Clower, 2009; Budge & Butt, 2007, 2009; Budge & Chesterfield, 2011; Siegel & Waxman, 2001; Stimson, Mullins, & O'Connor, 2001).

Sustainability, sustainable development, sustainable cities or communities and sustainable regions are all interrelated concepts. Arguably the most recognised and accepted definition of sustainable development came from the 1987 World Commission on Environment and Development (WCED) where it was described as a 'process of change in which the exploitation of resources, the direction of investments, the orientation of technological development, and institutional change are made consistent with future as well as present needs' (WCED, 1987, p. 15). This entails development that meets the needs of the current generation without compromising the ability of future generations to meet their needs.

Developing long-term competitiveness without compromising the quality of life of the population and environment, together with building self-reliance to reduce dependency, are therefore central processes in becoming a strong sustainable regional capital and region (Barber, 1996; Edwards & Wiseman, 2010; Jazepcikas, 2013; Raco, 2005).

Taking these perspectives into account, the following definitions were developed for this study:

A 'regional capital' is an urban centre that is a discrete entity located outside the urban growth area of the nation's capital cities that functions as the primary nodal point and service centre for people living in the surrounding network of smaller towns, rural communities and hinterland.

A 'region' is the network of regional urban centres and hinterland areas located in the space immediately surrounding a primary regional urban centre with which the population identifies as the nodal point for providing primary transport links and economic, social and cultural services.

A 'strong sustainable regional capital and region' is a regional capital and region that progressively displays high or increasing levels of resilience, thereby building its self-reliance, and which exhibits progressive improvements in its performance on the core sustainability dimensions considered important by its citizens, so that the quality of life of its current population is not compromising the quality of life of its future generations.

The definition of a 'regional capital' shown above encompasses the dynamic nature of regional urban centres and emphasises their functional nature and character. It is important to recognise, however, that unlike the nation's capital cities, a regional capital has no formal political or government administrative function. Similarly, the definition of a 'region' shown above acknowledges that spatially, a region has no specified scale or population size and may encompass more than one local government authority.

### **2.3 Indicators of a strong and sustainable regional capital and region**

To assess whether a regional capital or region is strong and sustainable requires that its key sustainability and resilience features be measured. Any set of indicators should reflect the extent to which the regional capital/region possesses characteristics that enable it to foresee change and adapt to or respond proactively and positively to influence that change. Similarly, sustainability should be measured across the three core dimensions of economic, social and environmental sustainability, and possibly also institutional and political elements depending on the value placed on these factors by the citizens of the regional capital or region.

No standard set of resilience and sustainability indicators was uncovered in the literature review, but several authors provided a list of key factors that characterise resilient and sustainable communities. Table 4 summarises four frameworks proposed by various authors.

The various frameworks capture some key elements of economic, social, environmental, political and institutional sustainability and include a combination of quantitative and qualitative factors. There is considerable commonality between the lists, highlighting the interrelatedness of the sustainability and resilience concepts.

**Table 4: Sustainability and resilience frameworks**

<b>Resilient Community Indicator Framework</b> (Edwards & Wiseman, 2010) <sup>a</sup>	<b>Sustainability Indicator Framework</b> (National Sustainability Council, 2013)	<b>Regional Cities Vulnerability-Opportunity Framework</b> (Stimson, et al., 2001)	<b>Regional Competitiveness Index Framework</b> (RAI, 2012b)
<p><b>Economic development</b></p> <ul style="list-style-type: none"> <li>• diverse, sustainable sources of economic prosperity</li> <li>• high quality economic infrastructure</li> <li>• secure livelihoods &amp; employment opportunities</li> <li>• equitable distribution of income &amp; assets.</li> </ul>	<p><b>Economic capital</b></p> <ul style="list-style-type: none"> <li>• Indicators for:</li> <li>• wealth and income</li> <li>• housing</li> <li>• transport and infrastructure</li> <li>• productivity</li> <li>• innovation.</li> </ul>	<p><b>Structural change indicators</b></p> <ul style="list-style-type: none"> <li>• employment growth</li> <li>• unemployment growth</li> <li>• income growth.</li> </ul>	<p>10 themes (59 indicators)</p> <ul style="list-style-type: none"> <li>• <b>institutions</b> - administrative support for regional development</li> <li>• infrastructure and essential services</li> <li>• <b>economic fundamentals</b> – general economic climate</li> <li>• <b>market size</b> – size of local economy</li> <li>• <b>labour market efficiency</b> – use of potential regular workforce by the economy.</li> </ul>
<p><b>Social capital</b></p> <ul style="list-style-type: none"> <li>• broad and deep social networks within and beyond the community</li> <li>• experienced and widely respected community leaders</li> <li>• strong community pride and optimism</li> <li>• high citizen engagement</li> </ul>	<p><b>Social and human capital</b></p> <ul style="list-style-type: none"> <li>• Indicators for:–</li> <li>• skills and education</li> <li>• health</li> <li>• employment</li> <li>• security</li> <li>• institutions</li> <li>• governance</li> <li>• community engagement.</li> <li>•</li> </ul>	<p><b>Socio-economic composition indicators</b></p> <ul style="list-style-type: none"> <li>• occupational structure</li> <li>• industrial structure</li> <li>• household income</li> <li>• human capital</li> <li>• attachment to the labour force</li> <li>• disadvantaged families</li> <li>• housing.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>business sophistication</b> – business capacity to respond to competitive pressures (includes economic diversity)</li> <li>• <b>technological readiness</b> – access to and utilisation of technology</li> <li>• <b>innovation</b> – availability of new approaches and ideas</li> <li>• <b>human capital</b> – capabilities and skills of the workforce.</li> </ul>

Resilient Community Indicator Framework (Edwards & Wiseman, 2010) <sup>a</sup>	Sustainability Indicator Framework (National Sustainability Council, 2013)	Regional Cities Vulnerability- Opportunity Framework (Stimson, et al., 2001)	Regional Competitiveness Index Framework (RAI, 2012b)
<p>Information and communications</p> <ul style="list-style-type: none"> <li>• rapid access to accurate, relevant information during emergencies</li> <li>• responsive, accessible and reliable communications infrastructure.</li> </ul>	<p>Natural capital Indicators for –</p> <ul style="list-style-type: none"> <li>• climate</li> <li>• atmosphere</li> <li>• natural resources</li> <li>• water</li> <li>• waste</li> <li>• land</li> <li>• ecosystems</li> <li>• biodiversity.</li> </ul>		<ul style="list-style-type: none"> <li>• <b>Natural resources</b> – availability and use of natural resources.</li> </ul>
<p>Community competence</p> <ul style="list-style-type: none"> <li>• tradition of self-reliance and capacity to identify and secure external resources</li> <li>• capacity to collaborate effectively in identifying and achieving shared visions for the future</li> <li>• a diversity of well-resourced, well-linked community organisations</li> <li>• governance systems that enable and facilitate rapid, flexible decisions and responses</li> <li>• strong education and innovation systems.</li> </ul>			

*Adapted from work by Norris et al. (2008).*

While the Edwards and Wiseman framework provides a set of general features of resilient communities, the sustainability indicators developed by Australia’s National Sustainability Council met a need for better information to inform government policy making and decisions. However, they have limited regional application due to a lack of local level data across all dimensions (National Sustainability Council, 2013).

The regional cities vulnerability-opportunity framework developed by Stimson et al. (2001) has one indicator for each variable and forms a spectrum from high vulnerability to high opportunity which appears to correspond with the notion of a spectrum of resilience and sustainability. These authors posit that regional localities with more opportunity are more likely to respond and adapt positively to change (i.e. they will have higher resilience) while those displaying higher vulnerability are less likely to adapt (i.e. they will have lower resilience). They note, however, that a regional city's level of vulnerability-opportunity is unrelated to its size or location. This framework focuses on socio-economic factors although the authors acknowledge the need to include some quality of life measures.

The RAI framework was designed to capture the inherent ability of a region to attract and use resources efficiently to maintain and enhance economic and social prosperity. It can be used to assess regional competitiveness at a local government and regional level and ranks local government areas and Regional Development Australia regions across Australia on all indicators where data is available. This framework is very new, however, and is still undergoing further development and refinement.

These frameworks provided a useful guide for developing some suitable criteria for selecting appropriate case studies for this research. The criteria used are described in Section 3.

## 2.4 Drivers and inhibitors of regional development

### 2.4.1 Environmental factors

The economic growth and performances of regions is closely tied to environmental and natural resource endowments which are all the naturally occurring resources and elements of the environment including minerals, agricultural land, forests and fishing, as well as the climate, topography and proximity to the coast and capital cities.

These form the fundamental foundation from which a regional capital and region derives a comparative advantage or disadvantage. Traditionally, the more diverse a region's natural resources the greater the potential for developing a more diversified economic base, which helps to insulate it from economic fluctuations, provide greater stability which enhances sustainability, and offer more business opportunities. Proximity to a capital city also provides opportunities such as lower transportation costs, greater access to markets and the potential to establish new businesses that complement those located in the larger metropolitan area. A coastal location and/or a location with great visual amenity can offer tourism opportunities and is more amenable to meeting lifestyle preferences.

Maintaining a healthy natural environment is also fundamental to ensuring that RED is sustainable. Thus, protecting and enhancing environmental and natural resources is an important element of any sustainable RED strategy (McDonald, et al., 2013; OECD, 2006). At a local and regional level, local government can plan and implement local strategies and initiatives aimed at protecting the environment and managing the use of scarce resources.

### 2.4.2 Community capital

In general terms, 'capital' comprises man-made resources that can be used to produce other goods and services. Amongst the main forms of community capital are public and private capital infrastructure and essential services, human capital, social capital and cultural capital which are strongly interrelated and jointly contribute to building community resilience and promoting sustainable RED.



- a) *Public and private capital infrastructure and essential services*: Physical infrastructure and essential services are usually provided or overseen by the public sector (Callaghan & Colton, 2008). This includes transport and communications networks, power and water supplies, education, training, health and police facilities and services, and other public amenities like public open space and social meeting places. These help determine the location and type of investment activity that regions attract and hence the types of industry sectors that develop. Similarly, investment in lifestyle amenities is central to attracting and retaining skilled workers.
- b) *Human capital*: This is most commonly thought of as the stock of knowledge, skills, expertise and abilities possessed by a population that enhance labour productivity in the workplace (Callaghan & Colton, 2008; DRALGAS, 2013). Human capital can be increased through inward migration and endogenous strategies that increase the aspirations of the population to enhance skills and attainment.
- c) *Social capital*: This refers to the social networks and relationships that develop around shared values, norms, respect and trust. These networks and relationships provide groups and individuals with access to information, resources, support and problem solving.
- d) *Cultural capital*: This refers to tangible and intangible forms of culture found in a region – tangibles like heritage buildings, works of art, and places of historical, religious or cultural significance and intangibles like community values, beliefs and myths.

### 2.4.3 Entrepreneurship, creativity and innovation

Innovation is ‘the process of generating new value by creating and implementing new or significantly improved products (goods or services), processes or methods’ (CEDA & RDV, 2013, p. 16). Innovation derives from creative thinking and promotes entrepreneurial endeavour.

Creative, innovative and entrepreneurial ability and capacity are widely espoused as important forces in building regional competitiveness and promoting growth and development as they facilitate new product development and diversification, technology transfer, new market development and problem-solving. Universities in regional areas can play an important role in knowledge creation and in enhancing entrepreneurial skills and ability (OECD, 2006).

In a regional context, the RAI (2012b) suggests that innovation gives an indication of the willingness of businesses to find new approaches and engage with the business environment in order to increase business productivity and competitiveness. Nonetheless, creativity, innovation and entrepreneurial behaviour are not limited to the private sector. Stimson, Stough and Salazar (2005), for example, argue that leadership in a regional capital or region needs to display entrepreneurial characteristics, most notably: a strong belief in change that energises actors in the community and region to meet challenges and be progressive; and the foresight to identify and pursue innovative ideas and opportunities that will enhance the region’s environment or bring about new institutional arrangements that will foster new venture development that can advance the region’s competitiveness. Similarly, Hambleton (2013; 2013) highlights the role of place-based leadership by local government in promoting public service innovation, that is, developing and implementing innovative approaches to service delivery and community problem-solving.

### 2.4.4 Economic and market conditions

Economic and market conditions relate to a wide range of economic and demographic factors. These include: the historical composition of a region’s economic and industry base; the size, composition and growth of the local/regional population and workforce; access to and growth of local, regional, national and international markets; and the occurrence of agglomeration and scale effects from industry specialisation and clustering.

Changes in these factors can affect the economic stability of a region as well as levels of business uncertainty and confidence which in turn impact business and household investment decisions.

Economic instability and business uncertainty threaten regional economic sustainability. The impact of economic fluctuations caused by global, national or regional shocks on a regional capital and region depends on the structure of the region's economy and its readiness and capacity to respond to changing circumstances.

The diversity of a region's economic base can affect its vulnerability to economic fluctuations and its capacity to pursue new opportunities in related industries (Carroll & Stanfield, 2001; DRALGAS, 2013). Employment rates, workforce participation and structural unemployment problems affect how efficiently local and regional labour markets function and hence a region's competitiveness.

Similarly, the size, composition and growth of the local and regional population, along with access to external markets, affects a region's opportunities for business growth, innovation and entrepreneurial activity, and thus its competitiveness. In addition, there is some debate on whether industry diversification or specialisation promotes RED. Beer and Clower (2009), for example, conclude that regional centres tend to grow with increased specialisation but this can be a high risk strategy and the direction of specialisation is paramount.

#### 2.4.5 Institutional factors

Sustainable RED is as much about creating environmental conditions that support and facilitate creativity, innovation and entrepreneurial activity to promote business investment, growth and development in regional capitals and regions as it is about harnessing the environmental, social, capital and technological endowments that create a region's competitiveness (Capello & Nijkamp, 2011). Institutions and how they function within regional capitals and regions are vital in determining the legal and administrative framework within which businesses, investors and the community at large operate. They determine the system by which they are governed (i.e. government) and the way in which they are governed (i.e. governance) (RAI, 2012b; Stimson, et al., 2005).

The institutional environment is determined by a combination of federal, state and local government policies, regulations and interactions as these create the incentive structure of regional capitals and regions, and they thereby generate the conditions that influence investment decisions. The institutional systems and processes affect the level of business and community uncertainty, access to information, the level of competition, and the general stability and predictability of the environment in which decisions are made.

Institutional factors can either impose constraints on development or facilitate the pursuit of opportunities that will in turn inhibit or drive sustainable RED. Creating a supportive and enabling institutional environment that promotes transparency, certainty, trust and stability is vital to sustainable RED. Having appropriate institutional arrangements for developing, implementing and managing strategies that foster regional growth is fundamental to building strong sustainable regional capitals and regions.

#### 2.4.6 Governance

In the modern world local authorities face many challenges, most notably the forces of globalisation and urbanisation. To cope with the effects of radical change and to ensure the sustainability of their communities, local authorities have sought new ways of working. In many instances, the result has been a shift away from local government based on legitimate hierarchical power towards local governance which is embedded in collaboration and the formation of partnerships (Hambleton, 2008, 2011).

Governance is seen as a key mechanism for building a competitive advantage and driving sustainable RED. In a RED context, governance, or more precisely 'regional governance', refers to the set of

institutions, systems, processes and relationships that exist at the regional level through which revenue is raised, decisions are made, services are provided, security is maintained, power is exercised and shared, and interactions with RED actors occur. These processes take place at a spatial scale that is larger than a locality and smaller than a state/territory (Bellamy & Brown, 2009; UNDP, 2011). Thus, governance clearly involves more than government and more than one level of government (Bellamy & Brown, 2009). Governance involves government plus looser processes of influencing and negotiating with a range of public, private and non-profit agencies to achieve mutual goals and desired outcomes (Hambleton, 2011). Although the hierarchical power of the state still exists, governance emphasises steering, influencing and coordinating the actions of others (Hambleton, 2011).

Current thinking on sustainable RED largely adopts a 'place-based approach' which recognises the diversity of regional capitals and regions, and acknowledges the need for tailored initiatives. It entails a decentralised participatory style of governance built upon the principle of subsidiarity, which means 'the decentralisation of decision-making powers, development responsibilities, and control over resources to the lowest possible level' (Work, 2001, p. 23).

Thus, building participatory processes is vital if regional capitals and regions are to realise their potential (Carthew & Allan, 2005). In addition, connectivity is essential if governance is to ensure meaningful dialogue (Dale, 2007). Good governance produces many positive outcomes, including greater consensus, knowledge and resource sharing, consistency and coherence in inter-relationships, certainty, stability, flexibility, cooperation and coordinated action, all of which contribute to creating an enabling environment. In this way, good governance can become part of a regional capital's and region's competitive advantage (Stimson, et al., 2005).

The OECD (2009) maintains that strong regional governance is a necessary condition for effectively implementing RED initiatives and that RED policies need to adopt a multi-level governance approach. Furthermore, Owusu (2005) contends that a regional capital's ability to play a meaningful role in RED depends on having functional local government systems with adequate authority and resources which in turn requires a decentralised development approach driven by local needs and priorities and active participation by all stakeholders. National policies and the role of state and federal governments are also critically important, highlighting the need to develop and maintain strong intergovernmental relations as a key driver and facilitator in building strong sustainable regional capitals and regions.

Nevertheless, regional governance is not a dominant feature of Australia's governance system. There is no formal 'regional sphere of government' that has the authority and resources needed to plan for and drive RED (Bellamy & Brown, 2009; Everingham, 2005; Hearfield & Sorensen, 2009). Instead, Australia has a system in which the financial power to fund a systematic and energetic RED program sits with the federal government, while the constitutional power lies with state/territory governments.

Nonetheless, over the years various regional governance frameworks have existed in Australia. The effectiveness and success of the individual organisations within each framework, however, has been variable. Bellamy and Brown (2009) found that Australia's regional governance system 'is supported by only weak institutional frameworks and blurred spatial boundaries' (2009, p. 18). Nonetheless, they confirm the importance of regions as spatial governance units and they characterise regional governance in Australia as emergent, ad hoc and involving complex relationships.

A primary role of local government in sustainable RED has typically been to provide local strategic planning and administration, investment in and maintenance of local facilities, the delivery of key social and municipal services and local development initiatives (McDonald, et al., 2013). However,

local government can also play a proactive role in creating and building an enabling environment at a local and regional scale. Local government is central to the processes of participation and of forging partnerships locally and regionally (Gibbs, 1999). It is well positioned to introduce changing forms of governance at the local and regional levels to make it more flexible, responsive and resilient.

The governance framework also affects the extent to which the emergence of local leadership is accommodated (Beer & Clower, 2014). Thus, governance arrangements are closely linked to and interact with the leadership attributes of a regional capital and region (R.J. Stimson, et al., 2005) as leadership plays a central role in driving institutional change, in helping to build social networks, and in fostering strategic relationships. Hambleton (2011) advocates a focus on place-based leadership for local government as it can play a crucial role in strengthening the orchestrating function of councils in the highly dynamic environment in which communities function.

#### 2.4.7 Leadership

A recurring theme in the RED literature is a growing agreement that strong leadership plays a vital role in fostering and promoting sustainable RED and building community resilience (Beer & Clower, 2014; DRALGAS, 2013; Queensland Government, n.d.; Stimson, et al., 2005). Local governments in regional Australia make a unique contribution to local and regional communities. They are often relied on more heavily than their metropolitan counterparts to perform a wide range of non-core functions, and to be leaders in addressing important local and regional issues. There is not only a community expectation that they will be competent service providers, but also that they will be leading advocates on behalf of the community and facilitators and/or partners with other stakeholders in resolving community issues and promoting the development of the local economy (Morris, 2011).

Beer and Clower (2014) suggest that effective local leadership is potentially more important in smaller communities than in large metropolitan areas as regional and rural places are less likely to attract attention in central government priorities and processes. They also contend that local leadership is becoming more important as regional development becomes less dependent on natural resources and historical advantage. These authors note, however, that although places with effective local leadership are more likely to grow and be economically successful than places with ineffective or no leadership, our understanding of the leadership of places is still very under-developed.

Leadership is not a clear-cut concept, especially within a RED context where the leadership of cities, regions and rural communities is quite complex (Beer & Clower, 2014; Stimson, et al., 2005). Clearly defining place-based or local leadership is therefore an important first step in identifying good local leadership practice, as it is recognised as having features that are distinct from the leadership of organisations (Beer & Clower, 2014).

The leadership of places involves activities that serve a public purpose in a given locality (Hambleton, 2008; Hambleton, 2013). Hambleton defines place-based leadership as a process of 'shaping emotions and behaviour to achieve common goals', (p. 174) whereby a wide range of activities is directed at generating new insights and new ways of working together. It is embedded in a strong commitment to collaboration and respect for the feelings and attitudes of others.

Thus, in a regional development context leadership involves collaborative and collective processes with relationships amongst institutional actors and individuals based on mutual trust and cooperation rather than involving traditional hierarchical relationships (Beer & Clower, 2014; R.J. Stimson, et al., 2005; Stough, De Santis, Stimson, & Roberts, 2001). Leadership at a local or regional scale is importantly focused on improving economic and possibly other outcomes. It has a

distinctively long-term dimension and typically involves many institutional actors from across the public, private and community sectors.

The nature and composition of local leadership seems to depend on the presence of 'slack resources', that is, having enough uncommitted human resources available to contribute to community-based efforts (Beer & Clower, 2014). The leadership of places also involves what Considine calls 'distributed leadership' (2004) as it entails the sharing of power and draws on and utilises different kinds of expertise held by a range of community members and this helps strengthen a community.

Harmaakorpi and Miukkanen (2007) are proponents of strategic leadership which involves leaders who are visionary thinkers with an ability to inspire and motivate, bring people and resources together, communicate, listen, negotiate and build networks. The notion of strategic leadership harmonises with Sotarauta's (2010) concept of 'policy networks' in leading the development of regional capitals and regions. Policy networks encompass groups of strong-willed and ambitious individuals and organisations with a keen interest in promoting the development of a city or region across different spheres of interest.

When policy networks in places are well developed, involve many individuals and organisations, and have a culture of collaboration they produce what Amin and Thrift (1995) call 'institutional thickness'. These authors propose that places with more institutions and organisations focused on improving their wellbeing will be more successful than places with very limited or patchy institutional arrangements, as they will have the capacity to build 'collaborative advantage' to better respond to external events and to shape or reshape their own futures. Stimson et al. (2009), however, warn against too much institutional thickness, arguing that it can make the cost and complexity of bringing about change too great.

The concept of policy networks also concurs with Hambleton's notion of 'innovation zones' – overlapping areas of inventive connectivity between the three realms of leadership, political (elected politicians including councillors), managerial/professional (public servants) and community (community-based leaders), where new ideas can be generated and nurtured into practical proposals for public action (2008, 2011; 2013; 2013). He advocates strengthening the connectivity between these leadership spheres to expand the power and influence that place-based leaders can have over community outcomes (Hambleton, 2008, 2011; Hambleton, 2013; Hambleton & Howard, 2013). Nevertheless, he also warns that these spaces can become 'conflict zones' if dialogue is mishandled.

Effective local leadership involves undertaking many key roles that help to build strong and sustainable regional capitals and regions. These roles include:

- establishing a vision and direction for the future development of the regional capital and region
- setting and aligning priorities of stakeholders
- tailoring initiatives to local circumstances
- encouraging stakeholder cooperation
- marshalling local support and action
- creating a culture of positive change
- implementing plans and processes that bring about positive institutional change
- encouraging and facilitating entrepreneurial activity
- organising groups that function well and make things happen
- maintaining enthusiasm, vigilance and purpose (DRALGAS, 2013; Queensland Government, n.d.; R.J. Stimson, et al., 2005).

These roles, however, are not necessarily performed by the same individuals or organisations. In citing the work of Peters (2012) on socially embedded leadership, Beer and Clower (2014) propose that places may well have two main sets of leaders – one that ‘leads by talking’ and so bridges social capital, and a second that ‘leads by acting’ thereby bonding social capital. In performing these roles, effective local leadership builds community resilience by enhancing the capacity and capability of the regional capital and region to proactively respond to and positively adjust to changing circumstances. This in turn enables the region to better harness its environmental/natural and community capital resource endowments and to attain an improved fit with market conditions.

Furthermore, Stimson, Stough and Salazar (2005) posit that, working synergistically with effective institutions, strong leadership may succeed in catalysing entrepreneurial activity that stretches and leverages economic resources to capture an expanded market and thereby promote RED even in situations where a regional capital and region has limited resource endowments or opportunities for growth. In contrast, along with ineffective or inappropriate institutions, weak or ineffective leadership may inhibit RED due to ineffective utilisation of resource endowments even if the regional capital and region are well endowed with economic resources.

In their recent review of the local leadership literature, Beer and Clower (2014) drew out some of the key enablers and inhibitors of effective local leadership which highlight the close association and interaction between governance arrangements and the emergence of local leadership. These are summarised in Table 5 below.

**Table 5: Enablers and impediments to effective leadership**

Features of good governance and conditions for effective local leadership to thrive	Inhibitors of good governance and conditions for effective local leadership to be restricted
<p>Governance arrangement –</p> <ul style="list-style-type: none"> <li>• decentralised power and responsibility for decision-making and its realisation</li> <li>• flexibility</li> <li>• trust</li> <li>• transparency</li> <li>• clear lines of accountability</li> <li>• certainty</li> <li>• stability and coherence</li> <li>• participative</li> <li>• equity</li> <li>• pluralism.</li> </ul>	<p>Governance arrangement –</p> <ul style="list-style-type: none"> <li>• centralised power and responsibility for decision-making and its realisation</li> <li>• rigid approach</li> <li>• narrow focus</li> <li>• preoccupation with rules and regulations</li> <li>• uncertainty</li> <li>• instability.</li> </ul>
<p><b><i>Institutional thickness</i></b> – an appropriate number of organisations/institutions focused on promoting a region’s wellbeing – avoids being too costly or complex to function effectively.</p>	<p><b><i>Inappropriate institutional thickness</i></b> – inadequate or too much institutional thickness, making it costly and too complex to function well</p>
<p><b><i>Collaborative advantage</i></b> – culture of collaboration embedded in trust and cooperation – expedites the capacity of the locality to respond to new opportunities and move strategically to reshape the future.</p>	<p><b><i>Political schisms</i></b> – no coherent response, negotiation or agreement amongst a broad range of political and social groups possible.</p>

**Features of good governance and conditions for effective local leadership to thrive**

**Inhibitors of good governance and conditions for effective local leadership to be restricted**

**Policy networks** – group of strong-willed and ambitious individuals and organisations that span boundaries, mobilise others from different walks of life, recruit high quality people with differing skill sets and modes of operating, effectively frame problems/issues so others are motivated to act.

**Lack of policy networks** – these are absent or poorly developed.

**Slack resources** – uncommitted resources amongst high quality individuals in the region available to dedicate to RED efforts.

Too few resources available

Shared power and leadership

Vertical power and leadership structure

- two different roles performed often by different individuals/organisations – ‘leading by doing’ which bonds social capital; ‘leading by talking’ which bridges social capital.
- capitalises on broad skill sets of individuals and organisations.

**Progressive and proactive approaches** – forward looking, take control, create opportunities

Reactive approach

**Entrepreneurialism** – evidence of innovative approaches to redressing problems/issues and/or capitalising on opportunities.

**Limited entrepreneurialism** – little or no evidence of creative and innovative thinking and approaches.

Although creating a supportive environment is a necessary pre-condition for fostering effective local leadership, these authors emphasise that there is no guarantee that local leadership will either emerge or be effective even if a suitable institutional and political environment is created. It is important also to take a cross-sectoral approach to building strong regional capitals and regions as different sectors and different actors have different capacities and capabilities to play various roles in RED.

While Sorensen, Marshal and Dollery (2007) claim that very few councils proactively try to shape the development of their community or region, there is considerable room for the councils of regional capitals to take a proactive leadership role. The case studies outlined below explore what governance and leadership approaches and strategies the selected regional capital councils are taking to try to directly and indirectly leverage the other drivers of sustainable RED in their communities to build stronger and more sustainable regional capitals and regions.

## 3 Case studies: overview

### 3.1 Case study selection

In selecting suitable regional capitals as case studies for this research several criteria were used. Broadly these included:

- meeting the criteria for being a regional capital
- offering some distinctive situational characteristics to provide diversity across cases
- displaying some core characteristics indicating some progression towards becoming a strong sustainable regional capital while endeavouring to attain a spread of regional capitals across the sustainable development spectrum.

The choice of cases aims to ensure diversity in terms of population size, distance from a capital city and the coast, jurisdiction and economic base. Other key variables examined included: a history of population stability or growth and future stability or growth; evidence of a diversifying economy; presence of substantial infrastructure and essential community services and facilities; and performance on selected demographic and economic indicators. Table 6 provides a snapshot of the performance against the key criteria of each of the five regional capitals and regions selected.

**Table 6: Summary of case study selection criteria**

Criteria	Greater Geelong	Greater Geraldton <sup>a</sup>	Launceston	Mackay	Wagga Wagga
Jurisdiction	Victoria	Western Australia	Tasmania	Queensland	New South Wales
Region	Barwon/G21	Mid West	Northern Tasmania	Mackay-Whitsunday-Isaac	Riverina East
Location	Coastal	Coastal	Inland	Coastal	Inland
Distance of regional capital from State capital	75 km	424 km	200 km	970 km	460 km
Size of regional capital LGA	1,245 sq.km	12,483 sq. km	1,405 sq.km	7,622 sq.km	4,886 sq. km
Size of region	8,944 sq. km	466,766 sq. km	20,700 sq. Km	90,363 sq. km	47,917 sq. km
Population of regional capital LGA – ABS 2013	221,515	40,448	67,035	121,909	63,115



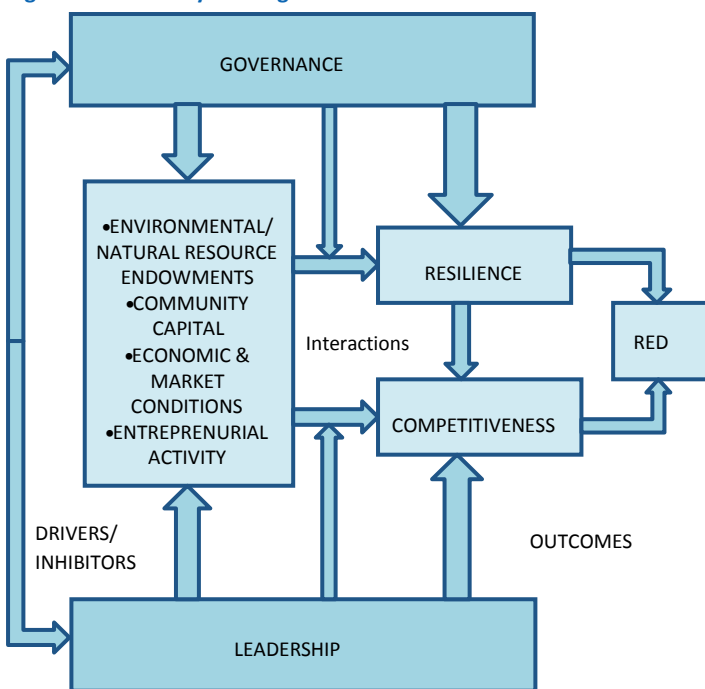
Criteria	Greater Geelong	Greater Geraldton <sup>a</sup>	Launceston	Mackay	Wagga Wagga
Population of region – ABS 2013	293,700	57,901	143,544	180,200	139,043
Population growth 2007-2012	7.1% below national, state & regional capital averages	9.8% above national & regional capital averages	2.8% below national, state & regional capital averages	12.3% above national, state & regional capital averages	3.8% below national, state & regional capital averages
Unemployment rate – ABS 2011	5.6% better than regional capital averages	5.5% better than national & regional capital averages	7.3% worse than national, state & regional capital averages	3.6% better than national, state & regional capital averages	5.0% better than national, state & regional capital averages
Workforce participation rate ABS 2011	58.8% below national, state & regional capital averages	63.3% above national & regional capital averages	58.3% above state average	67.0% above national, state & regional capital averages	65.2% above national, state & regional capital averages
Working age population 15-64 years – ABS 2011	65.2% below national, state & regional capital averages	66.1% above regional capital average	66.4% above state & regional capital averages	68.6% above national, state & regional capital averages	66.3% above regional capital average
Average taxable income ABS 2010	\$42,111 below national, state & regional capital averages	\$46,442 above regional capital average	\$40,293 above state average	\$52,155 above national, state & regional capital averages	\$41,672 below national, state & regional capital averages
Welfare dependency <sup>b</sup>	21.6% above regional capital	12.2% below regional capital	18.8% below regional	12.1% below regional capital	21.6% above regional capital

Criteria	Greater Geelong	Greater Geraldton <sup>a</sup>	Launceston	Mackay	Wagga Wagga
ABS 2011	average & third quartile national rank	average & first quartile national rank	capital average & first half national rank	average & first quartile national rank	average & third quartile national rank
Economic diversity index <sup>c</sup> - RAI [InSight]	0.03 better than regional capital average & first quartile national rank	0.06 better than regional capital average & first quartile national rank	0.00 better than regional capital average & first quartile national rank	0.14 worse than regional capital average but in top half national rank	0.12 better than regional capital average but in top half national rank

<sup>a</sup> Note that except for population, the data reported is for Geraldton-Greenough rather than Greater Geraldton.  
<sup>b</sup> Lower percentage and lower quartile indicate lower welfare dependency – only regional capital and national comparisons made.  
<sup>c</sup> Zero equals national industry structure – higher value represents less economic diversity – only regional capital and national comparisons made.

Figure 1 (below) provides the framework around which the interview questions for the case studies were designed. This framework highlights that governance and leadership by local government can have a direct and indirect effect in building resilience and competitiveness and thereby influence RED outcomes. These two forces can also interact with other determinants of RED and thereby enhance or suppress their impact on building the resilience and competitiveness of the regional capital and region.

Figure 1: Case study investigation framework



A central question explored in the case studies was ‘how does the local government of the regional capital interact with other key stakeholders (including neighbouring councils) and provide the leadership required by those other stakeholders to help build the competitiveness, resilience and sustainability of the regional capital and the surrounding region?’ The interview guide for the case studies was designed to focus on the role of the regional capital council in relation to the following key themes:

- 1) governance approaches for promoting engagement, participation and cooperation amongst key stakeholders including intergovernmental relations.
- 2) engagement and leadership approaches used to build community resilience and promote sustainable development.
- 3) strategies for influencing other RED drivers.
- 4) strategies for building organisational and community resilience.
- 5) the framework for monitoring outcomes, gaining feedback and reviewing actions.

## 3.2 Case study summaries

This section contains summaries of the five case studies. The full versions of the case studies can be found in Volume Two.

### 3.2.1 Greater Geelong and the G21/Barwon Region, Victoria

The City of Greater Geelong (CoGG) is not only the largest regional city in Victoria but also one of the 20 largest cities in the nation, with a population close to 222,000. It services an extensive network of smaller towns, rural communities and hinterland areas in the Barwon/G21 Geelong region, which is the fastest growing region in Victoria outside Melbourne. The city is situated only 75 kilometres from Victoria’s capital city but lies sufficiently beyond Melbourne’s urban growth area to be able to function independently.

The CoGG is a partner in the G21 Geelong Region Alliance (G21 Alliance) which provides a regional governance framework for promoting regional economic development. The Barwon/G21 region (hereafter called the G21 region) comprises five LGAs and has an estimated residential population of 293,700. From a regional development perspective CoGG has not exceeded the state, national or regional capital averages on many of the selected demographic and economic criteria examined like population growth, workforce participation and average taxable income, though it outperformed the regional capital averages for economic diversity and the rate of unemployment.

The region has a highly diversified economic base. The ‘top five’ industry sectors in terms of value of total output for the region were: manufacturing; rental, hiring and real estate services; construction; health care and social assistance; and financial and insurance services. It has also experienced a number of major economic upheavals including the closure of some major traditional heavy manufacturing firms, especially in the automotive sector. Other key characteristics of the CoGG and the G21 region include:

- natural resource and environmental assets which drive several industry sectors, and make the region a desirable place to live, work and visit. The region has 45 kilometres of coastline with a number of tourist destinations and significant opportunities for aquaculture and marine industries. Geelong is also known for its liveability and is a popular holiday destination.
- the region’s relative proximity to Melbourne. This means the CoGG has the capacity to accommodate people and businesses seeking to escape from the growth pressures of the capital city but still wanting the benefits of close links to the capital.
- a major bulk-handling port (the largest port in Victoria), and the nearby Avalon airport. These provide major opportunities for industrial activity.

- significant federal, state and local government investment in community infrastructure, including a new library and heritage centre, Geelong Performing Arts Centre, and Simonds Stadium, along with the region's growing sporting and events profile.
- the presence of several significant education institutions, including Deakin University, Gordon TAFE, and the Melbourne Institute of Business and Technology (MIBT) which provide education, employment and research opportunities. The region is also home to significant health institutions which are major employers and also drive research and education opportunities.
- the growth of the public sector in Geelong. Soon after the announcement of the Ford plant closure, in June 2013 the Australian Government announced that Geelong was the winning site for the National Disability Insurance Scheme (NDIS) headquarters, which is expected to create around 500 new jobs.
- a strong regional governance framework operationalised through several regional organisations, including the G21 Alliance, which predominantly plays a regional strategic planning role and promotes regional economic development for its constituent councils. There are multiple leadership groups functioning in the region.
- a fairly heavy reliance on the manufacturing sector, despite a relatively diverse economy. In 2013 manufacturing was the third-largest industry sector by employment, accounting for about 12% of jobs in the G21 region. The decline in that sector, combined with the GFC, deregulation and changes in federal and state government policies have contributed to a number of recent significant closures by companies including Ford, Boral Cement and Alcoa and consequent job losses.
- the wider impacts of industry closures on the region. These will result in further significant job losses, resulting in an urgent need to re-skill and find new job opportunities for traditional manufacturing workers. The closures also impact on public perception, local morale, and the ability to attract private investment into the region.



Figure 2: Deakin University, Geelong. Photo supplied by City of Greater Geelong.

Apart from those mentioned above, specific recent events which have impacted on Geelong and the G21 region in either a positive or negative way include the provision of improved regional road and rail links (including the Regional Rail Link due to open in 2015), the Avalon Airport expansion, the Epworth Geelong Hospital and Regional Community Health Hub, the construction and redevelopment of a number of cultural and community facilities, completion of several urban growth and renewal projects, the LAND 400 defence vehicle project and the relocation of the Transport Accident Commission to Geelong.

### *Key local governance and leadership ingredients in driving development*

The G21 region has many institutional and individual leaders who share power through collaborative governance at a regional scale. There are strong working relationships between individuals and organisations which, for the most part, have created an enabling environment, fostering entrepreneurial activity and attracting government and non-government investment. Across many of the organisations, including the G21 Alliance, Geelong Manufacturing Council, Geelong Chamber of Commerce, Deakin University, and the Committee for Geelong, there is shared individual and institutional representation on boards and committees, with individuals representing both public and private interests.

Collaboration and cooperation are features of the region's governance framework and drivers of growth and development. Together, Greater Geelong and the surrounding region is an 'institutionally thick' place, with many institutions and organisations focused on promoting the region's wellbeing. Whilst this regional capital and region are still very much in the depths of significant economic transformation, these stakeholders have been responsive to external events, and they have been proactive in seeking out opportunities to strategically reshape the future of the region.

The CoGG plays a key role in this governance framework. Through the G21 Alliance, the mayor is often the spokesperson for the broader region and along with the CEO plays an important role in providing strategic leadership and representation, advocating for regionally significant projects and infrastructure and attracting government investment to the region. At an organisational level, the CoGG staff is involved in researching and providing intelligence for advocacy and regional projects, as well as implementing G21 Alliance pillar projects. Some other key governance and leadership themes that emerged in promoting the development of the region include:

- *Articulating a clear vision for the G21 region – local leadership for regional benefit:* The CoGG has been proactive in developing strategic policy direction and setting out an agenda for what the future of the local area and the region should be. Strategic policy formation has occurred at a local level, but of particular interest is the CoGG's contribution to regional strategic planning. The CoGG, together with other local leaders, instigated the G21 Alliance. The CoGG continues to play a lead role in regional strategic planning, including development of the recent G21 Regional Growth and Implementation Plan.

The CoGG also brought the five G21 local councils together to take ownership of, and formally agree on, a common growth strategy. This meant that instead of competing for growth the five councils have a single voice and are working towards mutual goals and outcomes. In addition, the CoGG has shown a distinct commitment to broader regional issues and strong recognition of the interrelatedness of local growth and regional growth.

- *Addressing complex social issues:* The CoGG has assisted the region to navigate through significant shifts which have presented complex economic and social challenges, including a need to reskill a large proportion of the workforce and attract new public and private investment. Along with other key organisations it played a key leadership role in coordinating a regional response to the announcement of the Ford closure in 2013. This resulted in the establishment of a ministerial taskforce led by the Victorian Premier and the provision of over \$29.5 million in funding to diversify the region's economy and attract new investment.
- *Developing partnerships and fostering innovation:* Through partnerships and relationships with individuals at Deakin University and the Gordon TAFE, the CoGG has been able to foster innovation and entrepreneurship through initiatives such as the establishment of BioGeelong and the Geelong Centre for Emerging Infectious Disease. The CoGG has also been involved in partnership strategies responding to job losses resulting from the Ford closure and the decline of

other heavy manufacturing facilities with strategies including a career centre, the Skilling the Bay Project and the Business Transition Program.

- *Winning resources:* The regional policy network in the G21 region successfully advocated for and attracted significant investment from the state and federal governments, most notably the Geelong Regional Innovation and Investment Fund (GRIF), a significant joint federal and state government-funded initiative following the closure of the Ford plant. The leadership network has also sought out and capitalised on opportunities for innovation and entrepreneurialism that will foster development.

The CoGG played a leadership and operational role on several advocacy projects aimed at creating new jobs and diversifying the economy in Greater Geelong. These included coordinating industry and government funding for significant infrastructure developments and lobbying to secure Geelong as the base for the design, engineering, manufacturing and maintenance of the Australian Army LAND 400 Sentinel Military Vehicle.

- *Implementing local projects and processes for regional growth and development:* The CoGG has promoted regional economic development on a local policy and project level, and has implemented processes for expediting future growth and development in Greater Geelong. One significant initiative is the Central Geelong Taskforce, which comprises internal and external members. The Taskforce developed the Central Geelong Action Plan, a 15-year blueprint to revitalise the city centre. Partnerships with Deakin University and the Committee for Geelong have played a significant role in the visioning process and the Geelong Library and Heritage Centre was cited as a landmark project that the CoGG worked hard to advocate for.
- *Promoting the qualities of the region:* the CoGG plays an important role in promoting the qualities of the region and attracting visitors and investors to Geelong. The CoGG's economic development unit was reconstituted as Enterprise Geelong in March 2013 in an effort to attract private investment to the region. It has an advisory board comprising people with extensive experience in relevant disciplines including business development, marketing, commercial property, international business and financing.

Although Greater Geelong and the G21 region face substantial social and economic challenges associated with major manufacturing closures, the region still has a number of significant economic growth drivers. In addition, many stakeholders are involved in responding to these issues and supporting development. The region is 'institutionally thick', with strong policy networks and an ability to effectively frame problems and issues, coordinate actions and successfully advocate to higher levels of government. The CoGG plays an important leadership and organisational role in this framework, both through the G21 Alliance and in its own right, helping to navigate the region through significant economic shifts and a declining manufacturing sector while implementing policies and strategies to promote future growth and development.

### 3.2.2 Greater Geraldton and the Mid West Region, Western Australia

Located 424 kilometres from the state's capital Perth in Western Australia, the City of Greater Geraldton (CGG) with a population under 50,000 is one of Australia's smaller regional capitals. Nonetheless it is a major port and transport hub and the regional service centre for the mining, agriculture, fishing and tourism industries across the Mid West region, which covers nearly one-fifth of the area of Western Australia. The city also hosts a substantial range of health, education, commercial, cultural and retail services and facilities. Other key characteristics include:

- significant economic drivers based mainly on the city's substantial environmental and natural resource endowments, most importantly its proximity to the mining areas of the Mid West. These have underpinned investment in infrastructure such as the development of a major port and a regional road and rail network.

- its distance from the capital city and other major centres reinforces its role as the major service centre for the Mid West. The city is home to almost all the major agencies in the region and has been able to obtain state government funding to substantially improve local amenities, making it a more attractive place to live and visit.
- several major inhibitors, including some potentially negative aspects of its drivers, such as Geraldton's reliance on its role servicing the mining and agricultural sectors. This reliance makes the city susceptible to commodity price fluctuations and boom/bust cycles
- the very low population density of the Mid West outside Greater Geraldton and its fragmented governance arrangements (16 councils managing a total population of less than 19,000). This limits the strategic capacity of the wider region.

A number of recent significant events have affected the development of this regional capital and region. Some of the key positive events include the deepening of the current port, the foreshore redevelopment, development of the Karara magnetite mine and numerous other projects such as the Square Kilometre Array, a revolutionary international radio telescope infrastructure and research project, the Batavia Marina, the Geraldton Airport Technology Park and the hospital developments. Negative events include the recent downturn in the mining sector and the stalling of a major new deep port, rail and industrial precinct development at Oakajee just north of Geraldton.



**Figure 3: Train entering port, Geraldton. Photo supplied by City of Greater Geraldton.**

From a regional development perspective, the CGG has lagged behind Western Australian state averages on several development indicators over the last five to ten years, largely due to the concentration of growth in the state capital. However, compared to the national and regional capital averages, CGG has a more rapid population growth, a lower unemployment rate and a higher workforce participation rate. It performed better than the regional capital for the proportion of the population that was of working age, average income and welfare dependency. Greater Geraldton is currently in a significant transformational phase in its development, with local efforts directed towards transitioning its economy from an over-reliance on mining, agriculture and fisheries to more diverse and knowledge-based industries built around logistics and research. Part of its vision is to become a 'smart city' with competitive advantages in digital technology and renewable energy. Its endeavours are aimed at driving a substantial economic growth process that will enable it to become a truly global regional city.

### *Key local governance and leadership ingredients in driving development*

The core group of players involved in the CGG governance framework is relatively small. It comprises mainly agencies and organisations based in Geraldton with the key participants including the City of Greater Geraldton, Geraldton Port Authority, Mid West Chamber of Commerce and Industry (MWCCI), Mid West Development Commission (MWDC) and Regional Development Australia (RDA) Midwest Gascoyne. State and federal governments and government agencies, educational institutions and other councils in the Mid West Region are also involved, as is the private sector, particularly the mining industry.

Historically, a 'silo' mentality characterised the governance framework in the CGG and region, with each organisation and agency pursuing individual plans. However, in recent years a more cooperative, collaborative and consultative approach has emerged, particularly through the efforts of the CGG and the MWDC. The current framework features a shared power and leadership approach that draws on the skills, strengths, networks and spheres of influence of the different stakeholders and involves a mixture of formal and informal arrangements and relationships embedded in a culture of trust and transparency. The participating organisations have worked closely on numerous key projects, with stakeholders able to directly approach other participants about any particular problem. Consequently, comparatively few issues leading to conflict emerged and those that did were readily resolved.

The CGG has had a central role in this process, as shown by its efforts to build strong relationships with other key stakeholders involved in the development of the city and surrounding region, the proactive approach it has taken in attracting government funding for key infrastructure, its engagement in several key projects like the Geraldton foreshore redevelopment, and its leadership of the Batavia Marina and airport development projects. This approach has been informed by the council's desire to respond to the economic drivers and inhibitors identified earlier by diversifying the regional economy and identifying other potential sources of economic growth. Some of the key success ingredients identified in the governance and leadership framework in Greater Geraldton that appeared to play a part in responding to these drivers and inhibitors include:

- *a focus on forming strategic partnerships:* A notable feature is the ability of key regional stakeholders to engage with each other and to establish strategic partnerships. This has been assisted by the relatively compact and close-knit nature of the governance framework which makes it easier to establish relationships and to obtain consensus around projects and issues that affect the whole region. This has also assisted in the development of a strong sense of local and regional identity.
- *a strong participatory approach to governance and decision making:* The cohesive nature of the governance framework also means that Council and other agencies are able to adopt collaborative and consultative approaches. These include the establishment of a range of relationships, from formal agreements and MOUs through to informal meetings and arrangements. This also involves a strong emphasis by Council on leadership and influence strategies to achieve outcomes, and is a good example of the distributed leadership model identified in the literature review.
- *a focus on integration of planning and a planned agenda for growth:* While there is no single overarching plan for the development of Greater Geraldton and the wider region, the close-knit and collaborative nature of the governance framework has resulted in an integrated and consistent approach to planning by the key regional stakeholders. This has enabled them to develop key projects, such as the port and foreshore redevelopment, which by their nature could only be undertaken with multi-agency support.
- *a proactive council stance:* CGG is central to the regional governance framework because it is overwhelmingly the dominant urban centre, and because of the proactive way in which council



has approached its role in initiating and implementing complex projects, creating a council with greater strategic capacity and financial resources and building the city's influence with other stakeholders and government.

The outcomes of the development projects undertaken so far by the CGG are regarded by most stakeholders as being very positive for the development of the city and wider region. This reflects the CGG's ability to work with other stakeholders to develop a clear vision for each of its projects, even when they are part of a wider suite of initiatives, and to assume leadership for these projects and use its strategic and organisational capacity, as well as a range of influence strategies, to implement them.

In addition, Council has engaged with the community to negotiate the best outcomes for specific projects and more broadly for the whole city. It has also sought to build resilience and sustainability strategies into most of its projects. This is evidenced by its 2029 and Beyond Sustainable Future City Region Project for which it gained international recognition for defining its vision for enhancing its future sustainability, its initiatives to increase the vibrancy of the city centre, and its efforts to develop its own strategic capacity and corporate knowledge.

### 3.2.3 Launceston and the Northern Tasmania Region, Tasmania

Launceston City Council (LCC) LGA has a population of over 67,000 and is located 200 kilometres north of Hobart and 45 kilometres south of Tasmania's northern coastline. LCC is the largest local government area in terms of population in Tasmania. It is a significant transport hub and port and services an extensive network of smaller towns, rural communities and hinterland areas within the Northern Tasmania region which includes eight councils with a combined population of almost 144,000 covering an area of 20,700 square kilometres.

From a regional development perspective, Launceston performed marginally better than the state average on workforce participation rate and average taxable income, and a substantially higher proportion of the population was of working age. It also performed better than the regional capital averages on working age population, economic diversity and welfare dependency. LCC has experienced population growth in all but two years since 2001, and over these same two years Tasmania's population only grew marginally. Other key characteristics of the LCC include:

- major economic drivers, including Launceston's location at the head of the Tamar River and its connections to the state's transport network which underpin its role as the major regional centre for Northern Tasmania, and its climate, relatively stable water resources and high quality soil that support a range of agricultural activities.
- Launceston's role as Tasmania's second-largest city and the state's second-most important employment precinct after central Hobart. The city provides an extensive range of government services and educational, cultural and recreational facilities to Northern Tasmania.
- The city's infrastructure, population profile and lifestyle. Launceston has a relatively youthful and educated population, a port, airport, university campus and other key infrastructure as well as a diverse economic base with the potential to drive economic development in the region. Launceston was recognised in the inaugural Suncorp Bank Family Friendly City report as being the most family friendly city in Australia.
- The major growth challenges that both the city and region face. Some of these are statewide. They include slow population growth and the state's island status and associated shipping costs. These have been exacerbated in recent years by the impacts of the global financial crisis and the broad decline in manufacturing and the timber industry, leading to the closure of a number of local businesses.
- The significant impact on the local and regional economy resulting from the decline of the timber industry and in particular the collapse of the Bell Bay Pulp Mill proposal. As a result there

was a marked decline in agriculture and forestry jobs across the region in the 2006 to 2011 period, with 457 jobs lost. Manufacturing and trade also suffered significant job losses in this period, both in Launceston and the wider region

- More positively, there have been substantial benefits resulting from: investments in irrigation infrastructure and viticulture, the Invermay flood levee upgrade, the Launceston Hospital redevelopment, the North East Mountain Bike Project and other tourism infrastructure.

Developing strategic responses that build on the city's existing strengths and encourage new economic development to meet challenges such as the decline in the timber and manufacturing sectors has in some respects become the defining issue for Launceston and the wider region.



Figure 4: Launceston. Photo supplied by Launceston City Council.

#### *Key local governance and leadership ingredients in driving development*

The stakeholders most commonly identified as forming the core of the governance and leadership framework were Launceston City Council, the Department of Economic Development, Tourism and the Arts (now absorbed into the Department of State Development), relevant ministers, private sector developers and industry and business groups. Other key participants include Northern Tasmania Development (NTD) and a number of other regional organisations and state agencies, reflecting in part Launceston's 'second city' status within the state.

Given this status, the LCC plays a key role in the regional governance framework. A distinctive feature of the regional governance structure, however, is the way in which Launceston's population spills over into the surrounding LGAs, as this presents challenges to urban management which are more common in major cities than in regional centres. Another factor is the presence of some tensions around directions, funding and management structures between the LCC and some of the regional bodies, most notably with the NTD.

Despite these issues a number of strategies have been developed to respond to the issues facing the region. These include:

- *Innovation and cooperation in diversifying the regional economy:* The North East Mountain Bike Project, initiated by NTD, has been a successful example of regional cooperation, creating a new tourism resource with the potential to make a significant contribution to the area's economy. The project attracted \$3.4 million in federal and state government funding and \$1 million in cash and in-kind support from key stakeholders including Launceston City Council. To be eligible for this funding the project's management model had to be altered significantly, a process which demonstrated the adaptability of the local and regional stakeholders and their ability to work together.
- *Creating a regional context for strategic planning and economic development:* The Greater Launceston Plan is the LCC's innovative response to the challenges that the city and region face. The Greater Launceston Plan incorporates a detailed analysis of these challenges, including the need to transition to a services-based economy, and it has provided a regional context for a vision and a comprehensive plan for future development. A key aspect is recognition of the need to manage the Launceston metropolitan area more holistically, given the proportion of the city's population that lives in neighbouring municipalities.
- *A proactive approach to engaging with the development sector:* the LCC has worked closely with the private sector to facilitate major development proposals, recognising their significance for the region's economy and supporting their development by engaging with the proponents and working with them to overcome any problems. This approach recognised the economic potential of the proposals, and the importance of ensuring that the relevant planning and building codes were fully addressed without becoming obstacles to project approval.

These responses illustrate the capacity of the region to react proactively to a range of complex challenges. Nonetheless, the functioning and effectiveness of the regional governance framework has to some extent been hampered by the tensions mentioned earlier, particularly regarding the relationship between the LCC and NTD as the primary regional body. While LCC appears to have been able to address some of the structural issues at a local and sub-regional level, and NTD has been effective in developing and attracting funding at a regional level, these tensions will need to be resolved for the regional governance framework to function effectively.

### 3.2.4 Mackay and the Mackay-Isaac-Whitsunday Region, Queensland

Mackay is not only one of the largest regional capitals in Queensland but also one of Australia's largest and most economically capable regional centres. The Mackay Regional Council (MRC) local government area (LGA) has a population just under 122,000 and is located on the coast nearly 1,000 kilometres north of Brisbane. MRC is the largest council in population terms in the Mackay-Isaac-Whitsunday<sup>1</sup> (MIW) region. The MIW region comprises these three local authorities and has a combined population of about 180,000 spread over an area of some 90,000 square kilometres.

Mackay has a complex economic structure, services an extensive network of smaller towns, rural communities and hinterland areas, and is supported by a good transport infrastructure network. Powered by an extended resources boom, Mackay's population growth exceeded national, state and regional capital averages over the period from 2007 to 2012 and it performed better than average on all but one of the other economic and social criteria examined. The regional development criterion on which it performed the worst was economic diversity, for which it was lower than the regional capitals average. Other key characteristics include:

- the presence of several major growth drivers including productive agricultural land, forests, freshwater resources, marine waters and in particular the rich coal deposits in the Bowen and

<sup>1</sup> While it is often called just the Whitsunday region, the name Mackay-Isaac-Whitsunday (MIW) region has been used in this case study to avoid confusion with Whitsunday Regional Council. Mackay-Isaac-Whitsunday is also the name used for the region by the Queensland Government.

Galilee Basins. The coal mining boom has been the primary source of the region's growth in recent years, particularly during the mine construction phase.

- Mackay's development as a logistics support centre and major regional transport hub located on regional and national road and rail networks which, along with well-established ports and airports, link the region to major national and international markets and support growth in tourism.
- the region's rich biodiversity and its role as a gateway to the Great Barrier Reef World Heritage Area. The region's great natural beauty is a driver in providing an environment which is attractive to residents and as a basis for a substantial tourism industry, but its sensitivity means that it needs to be managed carefully and is vulnerable to the impacts of climate change.
- the region's comparatively narrow economic base. More than one-half of the region's GRP comes from mining, making the region susceptible to boom-bust cycles caused by changing market conditions, fluctuating commodity prices and structural changes as the various mines move from a construction to an operational phase.
- pressures associated with the recent high rates of growth. While mining has brought obvious benefits, supporting the requirements of the sector and the associated population growth has put the MIW region's infrastructure under pressure. Mackay's location on a floodplain, the sensitive natural environment and a pattern of dispersed development also pose challenges for the provision of infrastructure to service urban growth.

In addition to these factors, a number of specific events have impacted on the development of Mackay and the MIW region in recent years. Amongst the most significant has been the downturn in the construction of new mines which has cut employment and flowed through to a decline in housing demand. Nonetheless, there is evidence of economic diversification with new distribution and manufacturing businesses starting up, particularly since the commencement of the Diversify Mackay initiative.



Figure 5: Cane harvesting. Photo supplied by Mackay Regional Council.

Based on a forum convened by Council to explore the future sustainability and development of Mackay, the Diversify Mackay Leadership Alliance (DMLA) was formed. The outcomes of the initial forum were grouped into five working groups, or 'pillars': tourism and social wellbeing; agriculture; mining services; infrastructure and construction; education, training, research and innovation. Each pillar was supported by two champions appointed from the DMLA. These champions will lead the pillar groups in working closely with the DMLA to deliver the identified initiatives and actions.

Other recent events include the three cyclones that have hit Mackay and the MIW region. Apart from their direct impacts, there are likely to be increased insurance costs for residents, businesses and councils. In addition, recent changes in federal and state government funding policies have resulted in substantial reductions in grant funding.

### *Key local governance and leadership ingredients in driving development*

The list of stakeholders involved in the local governance and leadership framework of the MRC and MIW region is broadly similar to those nominated in the other case studies. One distinct difference however, is that the governance framework is less complex. The MIW region is distinctive in having only three councils, the smallest number among the case study regions and well under the average number of councils for the five case study regions.

Partly as a result of this, there are only two major organisations with a distinct region-wide focus: the Whitsunday ROC and the Mackay-Isaac-Whitsunday RDA. A third, the MIW REDC, effectively disbanded earlier this year, with the three councils diverting most of their funding away from this body to establish their own local economic development agencies. Nevertheless, these three councils have stepped up their coordination in relation to advocacy and collaboration through the creation of the Whitsunday ROC. The move from a regional to a local approach to economic development while establishing a ROC for inter-council cooperation, however, is still a work in progress.

Beer and Clower's (2014) work on mobilising local leadership describes some of the key enablers of and impediments to effective local leadership. Amongst the key enablers are governance arrangements characterised by factors such as decentralised decision-making, flexibility, trust and clear lines of accountability. Effective local leadership also involves a framework with shared power, an appropriate number of organisations and institutions focused on promoting regional wellbeing and a culture of collaboration. The approaches taken by MRC display some of these key characteristics. These approaches include:

- *Governance and leadership: developing a collaborative model of shared leadership:* The Diversify Mackay initiative led by the MRC has engaged a wide range of community and business leaders in an ongoing process to manage the sustainable development of Mackay. In doing so it has gone beyond the traditional methods of community consultation, getting stakeholders to lead and to some extent own the process of economic growth and diversification. The process also involves mechanisms to ensure the strategy is regularly reviewed and that there is a high degree of accountability of the stakeholders to the community. While it is too early to assess the effectiveness of the Diversify Mackay initiative, it does contain many of the elements of effective local and regional leadership described in the local leadership literature. These include the adoption by council of a 'horizontally based leadership coalition' (Beer and Clower, 2014) in which power and responsibility is shared in a structured way between key local stakeholders, and the development of a culture of collaboration. This approach also relies implicitly on the availability of key individuals who are willing and able to participate in a shared leadership model and most importantly have the time, resources and commitment to do so.

- Collaborative advantage: striking a balance between regional collaboration and local development:* The strategies adopted by the councils in working together provide an interesting example of a differentiated approach to regional collaboration. As noted earlier, this involved moving from a collective to an individual approach to economic development. The region's structure is a likely contributing factor – MIW has only three councils, each with different economic characteristics and varying approaches to development.

At the same time the councils have adopted a much more proactive approach to working together regionally through the formation of a new ROC. It would appear that the ROC model can be readily adopted as a basis for advocacy on broad regional issues and as a framework for collaboration, especially in regions with fewer councils, while regional approaches to economic development require a high degree of coordination with local place-based implementation which might not always be possible to achieve.
- Accountability and participation: a proactive approach to engaging with the development sector:* MRC has signed a Client Services Charter with the Mackay-Whitsunday UDIA and implemented Development Reference Group forums, demonstrating its proactive and participatory approach to working with the development industry. The forums provide an opportunity for developers to work with Council to resolve issues and find solutions to problems. A number of councils have instituted developer forums but the Mackay approach is distinctive in that the mayor and CEO attend these meetings, thereby ensuring a high level of accountability and demonstrating the degree of Council's commitment to the process.
- Seeking long-term sustainability: Mackay regional sustainability strategy:* Continued population growth, cuts in government funding, the impacts of natural disasters and the costs of providing infrastructure for dispersed development are some of the factors which have required the MRC to develop a regional sustainability strategy which aims to align future urban growth with infrastructure investment and renewal. Council is attempting to take a more proactive role in determining the location of future development based on sustainability criteria and is seeking to engage with the community in determining expenditure priorities.
- Entrepreneurialism: adopting an entrepreneurial approach to developing housing on council land:* Council's joint venture residential development with the state government is an example both of a successful inter-governmental partnership and an entrepreneurial approach which is providing both affordable housing and a source of non-rates revenue to Council. While changes in government policy mean that such partnerships are less likely in future, Council's experience with this project has better equipped it to undertake such projects on its own or potentially in partnership with the private sector. Nonetheless, the initiative also raises interesting questions about how councils should engage in entrepreneurial activities.

### 3.2.5 Wagga Wagga and the Riverina East Region, New South Wales

The City of Wagga Wagga (CWW) is the largest inland regional centre in New South Wales, with a population of about 63,000. It sits on the Murrumbidgee River equidistant between Sydney and Melbourne and 245km west of Canberra. These distances are large enough for its growth not to be strongly influenced by any of these cities. Located at the junction of the nation's main rail freight corridor and two major interstate highways, the CWW is a strategic centre for interstate transport.

The CWW is a member of the Riverina Eastern Regional Organisation of Councils (REROC), which comprises 13 councils and two water county councils.<sup>2</sup> Not only is it the region's major centre, but the city has almost half the REROC population and its influence extends throughout the whole

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<sup>2</sup> NSW does not have a set of consistent regions, with different government departments, groups of councils and other organisations using a variety of boundaries. Unless otherwise specified, the regional statistics used in this case study are based on the REROC region.

Riverina. It has a highly diverse economic base and offers a range of health, education, commercial, cultural and retail services and facilities. In 2013 the 'top five' industry sectors in terms of value of total output were manufacturing; public administration and safety, construction; rental, hiring and real estate services; and health care and assistance.

From a regional development perspective, the CWW did not exceed the state, national or regional capital averages on population growth and taxable income, though it was better than the corresponding averages for workforce participation and unemployment rate. It also performed better than the regional capitals average on economic diversity and the proportion of the population that is of working age. Despite recent major natural disasters the city's population has grown, albeit slowly, and the rate of growth is projected to accelerate. Other key characteristics of the CWW and the REROC region include:

- the presence of a wide range of growth drivers. These include the city's location on key transport corridors, complemented by an airport which acts as a business and tourism gateway to the Riverina region. The high capacity fibre optic trunk link between Sydney and Melbourne also runs through the city.
- the city's role as the major regional centre for the fertile Riverina region, which supports an extensive range of rural uses including sheep and livestock farming, agriculture, viticulture and timber. The region also has a range of tourist attractions.
- the city's highly diversified industry base. While this includes extensive investment in agricultural processing facilities such as livestock marketing, beef processing and seed crushing and refining, the city's economy is quite diverse and rather than relying on the wider region's predominantly agricultural economy it complements this agricultural focus. This also means the city is to some extent insulated from the boom and bust cycles of the rural sector and was also largely unaffected by the GFC.
- the presence of a number of major training and education facilities, including the Charles Sturt University (CSU) and major defence bases, which provide a significant boost to the local economy. In addition, the redeveloped Wagga Wagga Base Hospital is the largest in the region and provides a range of health services for much of southern NSW.
- an extensive network of physical infrastructure provided by the CWW which provides a platform for economic and social development and strengthens the links between the community, business and natural environments and creates a sense of place. This underpinned Wagga Wagga's recognition in 2014 in a private sector survey as Australia's most 'family friendly' city.
- the region's recent history of natural disasters. These include a prolonged drought followed by a succession of major floods. The floods in particular have affected attitudes towards development in the city, as well as the role of the council in building community resilience.
- recent contractions in federal and state funding. While the presence of several large defence, health and tertiary education institutions has clearly been a positive for the city, it means that Wagga Wagga is particularly vulnerable to government policy changes and budget cuts in any of these areas.

Apart from the factors mentioned above, recent events and initiatives which have impacted on the development of Wagga Wagga and the Riverina region include the airport upgrade, the establishment of a pilot academy, a successful application for funding for the Riverina Intermodal Freight Logistics (RIFL) hub, development of an equine centre at CSU, the successful campaign to obtain funding for the city's CBD CCTV project, and a range of commercial and residential developments.

*Key local governance and leadership ingredients in driving development*

Apart from Council, the key stakeholders most commonly identified as participants in the governance and leadership framework were the Committee 4 Wagga and the business sector, the defence force bases, the higher education institutions (especially CSU), state and federal governments and their agencies involved in economic development such as Regional Development Australia, and Trade and Investment NSW. In addition, the NSW State Emergency Service and other state agencies involved in responding to the flood crisis were nominated.

The presence of a large number of government and quasi-government agencies and institutions is consistent with most of the other case studies. The overall list of nominated stakeholders in Wagga Wagga, however, is distinctive in terms of the number of organisations and agencies which do not have an explicit regional focus. This possibly reflects to a degree the extent to which Wagga Wagga's economy is less reliant on the wider region and the fact that many of the drivers and inhibitors, and most of the recent key events, have specifically involved the city. Nonetheless, the activities of all the stakeholders, even those focused primarily on the city, have also affected the rest of the region to varying degrees.



Figure 6: Wagga Wagga Base Hospital. Photo supplied by City of Wagga Wagga.

The CWW has played a key role in developing a range of formal and informal partnerships with these stakeholders to develop a regional governance framework based on a high degree of 'horizontal' collaboration. The benefits of such a network of relationships were demonstrated by the response to the floods as well as in the successful campaigns to obtain funding for the RIFL facility and the CCTV project. Some other factors which appear to have assisted the development of Wagga Wagga and the Riverina region include:

- *a commitment to growth*: Many of the key stakeholders at the regional level and in particular those within the city have a strong commitment to growth. At the regional level, economic development is a key priority for bodies such as the RDA and REROC. Specifically in Wagga Wagga, the council and other bodies, most notably the Committee 4 Wagga, also have strong and explicit roles in the city's development. For example, the council has a Commercial and Economic Development Directorate with a focus on economic growth and development in the



city and has taken the lead on a number of key projects such as the airport upgrade and the development of the RIFL proposal.

- *collaborative governance and decision-making*: As noted earlier, a key feature of the governance framework has been the development of a strong set of relationships between the stakeholders. As in many other regional centres and regions, this formal network is supported by a strong but largely informal network of personal contacts and working relationships between individuals with key positions in each of the major stakeholder organisations. These agencies and networks are a positive example of ‘institutional thickness’ – this is a community with many (though not too many) agencies and organisations, and a culture of collaboration, enabling it to better shape its future direction (Beer and Clower 2014).
- *building community resilience*: the response of the governance framework to the 2012 floods was another example of a leadership coalition. The initial response was led by the SES but involved all the major government, business and community organisations and was based on the strong pattern of relationships that had already been established. Council was also able to draw on the strength of the regional governance framework when it established the recovery centre in the immediate aftermath of the floods. This process marked the start of the development and implementation of various strategies to build community resilience with a number of strategies involving both engineering works and building the community’s capacity to respond to future crises.
- *a flexible approach to project development*: Council and other key stakeholders have shown the capacity to adopt flexible approaches to the development of project proposals. For example, the poor response to the initial RIFL proposal by operators in the logistics industry prompted council to restructure it into a package more acceptable to the sector.
- *a ‘hands-on’ approach to advocacy*: An element in the success of stakeholders in obtaining support and funding from other levels of government has been a ‘hands-on’ approach to advocacy. This has involved building a high level of consensus and support within the framework of key stakeholders for specific proposals (for example, the RIFL and the CCTV proposals), as well as developing a strategy to influence the policy and funding decisions of other levels of government based on face-to-face meetings wherever possible with ministers, the region’s MPs, other politicians and senior bureaucrats.

## 4 Discussion and conclusion

### 4.1 Regional context – overview

Several key aspects of the regional context for each case study were outlined in Table 6 (Section 3.1 of this report) which summarised the selection criteria. Table 7 below provides additional detail on the relationship between the populations of the five regional capitals and their respective regions, as well as the populations of the significant urban area (SUA) in each regional capital LGA. SUAs are defined by the Australian Bureau of Statistics as geographical units ‘that describe extended urban concentrations of more than 10,000 people’ (ABS, 2012). They can also represent a ‘cluster of related urban centres’ with a core urban population of over 10,000 and can include related peri-urban and satellite developments as well as areas into which urban development is likely to expand.

While there are some major differences in population size in the case study cities and regions, which range from Greater Geraldton and the Mid West region (populations of just under 40,500 and 58,000 respectively) to Greater Geelong and the Barwon/G21 region (with over 221,500 and 293,700 respectively), there are also some marked similarities. In all case study regions the major regional capital LGA contains a substantial proportion – over 45% – of the total region’s population; in three of the regions (Barwon/G21, Mid West and Mackay-Isaac-Whitsunday) over two-thirds of the population reside in the regional capital LGA.

The population of the LGA containing the regional capital, however, is not necessarily equivalent to the population of the city itself. Table 7 also compares the SUA population for each regional capital to the regional capital LGA population and the regional population. With the exception of Mackay, the percentage of the regional capital LGA population contained in the SUA is high (82–128%). Launceston is unique in being the only case study regional capital where the SUA is actually larger than the LGA’s population, with 28.6% of the city’s population residing in neighbouring LGAs. The regional capital SUA populations are also between 60% and 67.2% of the regional population in three regions, the exceptions being Mackay and Wagga Wagga where 46.6% and 40.0% of the regional population respectively lives in the urban centre.

Looking at the number and average populations of the non-regional capital councils in each region (see Table 7) it is clear that there is much less commonality between the five case study areas in relation to these two parameters. For example, the number of councils in each region ranges from only three in the Mackay-Isaac-Whitsunday region to 17 in the Mid West region.

As noted earlier, administrative arrangements such as the number and size of councils (and to varying degrees the size, shape and number of regions) are largely determined by state governments. One aspect of this has been the extent to which these governments have embraced various amalgamation strategies. While a number of other factors have influenced the definition of regions and the number and size of the councils they contain, it is not so surprising that the regions with the fewest councils, Mackay-Isaac-Whitsunday and Barwon/G21 are in jurisdictions (Queensland and Victoria respectively) in which state governments have pursued ambitious amalgamation programs. Conversely, the regions with the largest number of councils, that is the Mid West and Riverina East, are in jurisdictions which have not undergone significant amalgamations in recent years (Western Australia and New South Wales).

**Table 7: Region, regional capital LGA and Significant Urban Areas (SUA) populations – summary**

Regional Capital/Region	No. of LGAs	Populations:			Significant Urban Area population as a proportion of:		Population of non-regional capital council LGAs in the region:	
		Significant Urban Area	Regional Capital LGA (% of region)	Region	Regional Capital LGA	Region	Range: smallest-largest	Average
Greater Geelong/Barwon-G21 (Vic)	5	181,853	221,515 (75.4%)	293,700	82.1%	61.9%	3,068-28,282	18,046
Greater Geraldton/ Mid West (WA)	17	38,931	40,448 (69.9%)	57,901	96.2%	67.2%	116-3,780	1,091
Launceston/ Northern Tasmania (Tas)	8	86,188	67,035 (46.7%)	143,544	128.6%	60.0%	784-23,012	10,930
Mackay/ Mackay-Isaac-Whitsunday (Qld)	3	83,924	121,909 (67.7%)	180,200	68.8%	46.6%	24,275-34,016	29,146
Wagga Wagga/ Riverina East (NSW)	13	54,679	62,149 (45.5%)	136,630	88.0%	40.0%	1,157-11,410	6,327

Source: ABS 2013 population estimates

For similar reasons there is also a wide range in the average populations of the non-regional capital councils in each region. These vary from under 1,100 in the Mid West region to over 29,000 in the Mackay-Isaac-Whitsunday region (the Mid West region in Western Australia is also by far the largest geographic case study region with an area of 466,766 sq. km – see Table 6). In all five regions, the regional capital not only has a much larger population than the average population size of the non-regional capital councils, but it has a population that is considerably larger than the next-largest LGA in its region. The populations of the regional capitals are between 4.2 times (Mackay) and 37.1 times (Geraldton) larger than the average population of all the other councils in their regions, and between 2.9 times (Launceston) and 10.7 times (Geraldton) larger than the population of the next-largest council.

The regional context has a number of interesting implications for the development of regional governance arrangements and the role of the regional capital council in each of the case studies. These implications include:

- The fact that the regional capitals contain such a large proportion of the total regional population and have populations much larger than the average of the other LGAs means that they will exert considerable influence on their regions, even if they do not seek an explicit

regional leadership role. Their larger size also means they are likely to have greater financial, human and other resources than the other councils in their regions and a more prominent role in regional advocacy.

- The influence of the regional capital LGAs is likely to be stronger in regions where most or all of the other councils have much smaller populations. It is also likely to be stronger in regions where the bulk of the regional economy is located in, and/or is closely integrated with, the economy of the regional capital (this will be discussed further in Section 4.2).
- The strategies adopted by each regional capital council in relation to economic development are likely to have a considerable impact on the whole region, whether these strategies have an explicitly regional focus or not. This lends some support for the argument, advanced by several stakeholders interviewed, that pursuing economic growth strategies focused on the regional capital will effectively support the wider region's economic growth.
- While the population distribution between urban and rural areas has not been analysed in detail for this study, it is clear that the regional capital LGAs are largely urbanised. Thus, regional capital initiatives that address issues relating to metropolitan growth such as the provision of urban infrastructure and services are likely to indirectly support economic development.
- Conversely, the statistical influence of the regional capital on the overall statistics for its region may mask major intra-regional differences between the regional capital and its surrounding region, and the need to consider different priorities between the two for economic development.

## 4.2 Key drivers and inhibitors of development

This section summarises some of the key drivers and inhibitors of development identified in the case studies as having an instrumental role in supporting economic development.

### *Natural resources and environmental endowments*

All five case study regions have significant agricultural resources. In the case of Wagga Wagga/Riverina East and in particular Launceston/Northern Tasmania, this includes forestry resources. Also, all five regions benefit to varying degrees from tourism, perhaps most notably Mackay-Isaac-Whitsunday which is close to the world renowned Great Barrier Reef. All the coastal regional capitals and regions also have access to major marine resources.

The presence of large mineral deposits in the Geraldton/Mid West region (largely iron ore) and in the Mackay/Mackay-Isaac-Whitsunday region (coal) has led these two regions to have very different development paths to the other three. Both have been strongly affected by the boom-bust cycles of the mining sector - benefitting from the construction phase of the mining boom (particularly Mackay which experienced strong residential growth), and then being affected by the transitioning of recently-constructed mines into an operational phase and now facing an overall downturn in mining.

The physical location of the five case study regional capitals has also contributed to their development as key regional centres. Four of the five regions are located on or near the coast. Consequently they have well established ports; all have access to or are at key junctions for road and rail networks. Distance from the state capital is another factor; for example, Geelong's proximity to Melbourne has given the city easy access to the state capital's physical, intellectual and social resources as well as to its markets, jobs and health and education services. It also provides residential options for people who prefer the amenity of Geelong's location and less pressured lifestyle while being able to access the economic, social and cultural benefits of a state capital.

At the other end of the scale regional cities like Geraldton, Mackay and Wagga Wagga and to a lesser extent Launceston are sufficiently distant from state capitals to make this sort of close relationship

impossible. However, their relative isolation has enhanced their role as the base for regional service provision by a range of health and educational institutions and government agencies. Geelong and Launceston have also attracted the relocation of some government agencies in their capacity as the 'second cities' in Victoria and Tasmania respectively.

As noted in the literature review, maintaining a healthy natural environment and protecting and enhancing environmental and natural resources, are key components of regional economic development (McDonald, et al., 2013; OECD, 2006). As a result, all forms of development are subject to some degree of control and constraint in order to meet environmental goals. These processes can however lead to complex conflicts over specific development proposals, most notably in relation to the environmental impacts related to the extraction of natural resources and associated infrastructure development.

The Mackay-Isaac-Whitsunday region is one example where there has been opposition from the environmental movement, not only to the port and infrastructure developments involved in recent mine proposals, but also more broadly to whether any new coal mines should be developed. Similarly in Northern Tasmania, there are strong community divisions relating to the future of the timber industry. These sorts of issues affect the regional economy at a broad scale and are often beyond the control of local government. Nonetheless, councils are directly involved in managing conflicts over environmental issues relating to local development proposals.

Managing growth in the context of the natural environment also involves responding to natural disasters. These have affected all the study regions to varying degrees and were nominated by several stakeholders interviewed as key recent events. Several regions have been impacted by drought, flooding and cyclones. In some, like Mackay-Isaac-Whitsunday, the region has been affected by successive natural disasters. Similarly, in Wagga Wagga and Riverina East, a ten-year drought was broken by several years of major flooding.

### *Community capital*

All of the case study regions and regional capitals have received significant public investment in infrastructure such as roads, railways and ports. Some regions – particularly those most closely involved in mining – have also received considerable private investment in physical infrastructure. In addition, all of the regional capitals are home to a number of institutions providing health and education services and cultural and recreational facilities, not only to the regional city populations but to the wider regions and beyond.

Some regions are also the beneficiaries of more specialised examples of community capital and infrastructure investment. For example, Wagga Wagga has several key defence training establishments, Mackay hosts Queensland's first 'dual sector' combined university and TAFE campus, Geraldton will play a major supporting role for the Square Kilometre Array (SKA) project, a revolutionary international radio telescope, and Greater Geelong will be the home for the headquarters of the National Disability Insurance Agency.

Simultaneously, many of the regions face significant infrastructure backlogs. These relate both to the need to maintain or replace existing infrastructure as it ages, and to the need to invest in new or expanded infrastructure to meet the demands of expanding industries and/or growing populations. These issues are particularly relevant in regions experiencing strong mining sector growth such as the Mid West and Mackay-Isaac-Whitsunday.

More important than physical capital is each region's 'stock' of human capital – its population and in the context of regional economic development, the range of skills and expertise its residents provide. One important component is the size of the regional population and its rate of growth.

Broadly speaking, a large population can be seen as a driver providing both higher levels of demand for locally produced goods and services, and as a larger source of labour for local businesses. In addition, at least potentially, a large local workforce can mean a greater range of qualifications and experience.

Several of the stakeholders interviewed commented on the significance of the population of the region and in particular the regional capital reaching the 'critical mass' required to become largely self-sustaining. Nonetheless, perceptions of what amounts to a critical mass appear to be very subjective. In this regard Greater Geelong, with a population of over 220,000, had the largest population and the highest level of self-sufficiency, despite the impacts of the decline in manufacturing. Although somewhat smaller, Launceston, Mackay and Wagga Wagga were also self-sustaining to a degree; for example they all support major university campuses. Greater Geraldton had by far the smallest population, though the disadvantages of this were somewhat offset by the city's role as the port and service centre for the entire region.

Population growth obviously has a close relationship to economic development, increasing local demand and increasing the size of the local workforce. Population growth can be seen both as a driver and a consequence of economic growth and the two are likely to be complementary. Conversely, in many parts of rural Australia economic decline has occurred hand in hand with population decline. Significantly, all the case study regions have experienced population growth in recent years, although only the two regions most strongly linked to mining, Mid West and Mackay-Isaac-Whitsunday, grew at a faster rate than the national average. In the latter region in particular, population growth has been a strong driver of economic growth, fuelling housing and retail demand, though the rate of population growth has also put considerable pressure on infrastructure, health and other services.

High levels of educational attainment can also be seen as a driver of growth, equipping the regional capital and regional workforce with the capacity to meet current and future employment demands. There is a consistent pattern across four of the regional capitals: the proportion of the adult population holding a tertiary degree is significantly lower than the state average but the proportion with a certificate or diploma qualification is higher. The exception to this pattern was Launceston where the proportion of the population with a degree was slightly higher than the state average and the proportion with a certificate or diploma slightly lower. The overall trend was most noticeable in Greater Geraldton and Mackay. This reflects the sorts of skills and expertise currently required in the mining sector, but the long-term implications, as these regions struggle with the downturn in mining and the need to diversify the economy, remain unclear.

#### *Entrepreneurship and innovation*

All the case study regions provided examples of innovation. The type and intensity of these activities however varied widely, depending to a large degree on the range of other drivers present, and in particular the level and type of community capital and the natural resources and environmental endowments. Not surprisingly, the presence of large tertiary institutions has provided a basis for research programs and centres linked directly or indirectly to each region's assets. For example, the recently-established Equine Centre at Charles Sturt University in the Riverina East Region is closely linked to an important component of the regional economy - horse breeding.

Other research and innovation projects relate to the unique characteristics of regions' natural environments. Perhaps the best example of this is the location of the Australian component of the Square Kilometre Array radio telescope facility in the sparsely-populated Mid West region. This has also provided opportunities for linkages with the Geraldton Universities Centre.

The level of entrepreneurship in each region is somewhat harder to assess. Again, there are links to each region's community capital and natural environment, though entrepreneurship and in particular the extent to which councils can engage in or support entrepreneurial activities, are also influenced by characteristics such as the level of diversity in the regional economy and the institutional environment, which limits local government engagement in such activities in some jurisdictions. Both entrepreneurship and innovation also appear to be influenced by factors such as the size of the population of the regional capital and region, and the level of diversity in the regional economy – though a lack of diversity has itself been an impetus to develop strategies to encourage innovative responses, as has happened in Mackay, in part through the Diversify Mackay initiative.

#### *Economic and market conditions*

All the case study regions are exposed to a range of national and international economic forces. The Mid West and Mackay-Isaac-Whitsunday regions have been particularly affected by the global financial crisis and world commodity price fluctuations, while the long-term decline in Australian manufacturing has impacted the Barwon/G21 and North Tasmania regions. Not surprisingly a number of these factors were nominated by stakeholders interviewed as key events affecting several of the regions and regional capitals.

The high degree of integration between most of the regional economies and those of their regional capitals means that both share the impact of these forces. Table 8 shows the relative contribution of each of the regional capitals to the gross regional product (GRP) for their regions. While this relationship is not a direct measure of integration, it reinforces the comments made earlier about the close relationship between each regional capital and its region. This was most noticeable in the cases of Geelong and Launceston and reflects the extent to which manufacturing and its current decline have dominated both these regional capitals and their respective regional economies.

In the cases of Geraldton and Mackay the regional capital and regional economies are also strongly integrated but the direction is reversed, with the mining sector dominating the regional economy and consequently that of the regional capital, both directly and indirectly. As a consequence each regional capital provided less than 50% of the regional GRP for their respective regions, though their contributions were still substantial.

**Table 8: Regional capital and region annual gross regional product (GRP)**

Regional Capital/Region	LGA GRP \$B	Region GRP \$B	LGA % of region
Greater Geelong/ Barwon-G21 (Vic)	10.45	12.95	80.7%
Greater Geraldton/ Mid West (WA)	5.07	10.65	47.6%
Launceston/ Northern Tasmania (Tas)	3.56	5.89	60.4%
Mackay/ Mackay-Isaac-Whitsunday (Qld)	6.62	17.58	37.7%
Wagga Wagga/ Riverina East (NSW)	3.15	6.11	51.6%

*Source: REMPLAN and ABS 2013 data, except Wagga Wagga/Riverina East (.id 2014)*

Wagga Wagga's economic relationship with the Riverina East region appeared to be the more complex. The regional GRP is split roughly equally between the regional capital and the rest of the region. While comparable economic data for Riverina East is less detailed than for the other regions,

the available figures suggest that there are distinct differences between the city and regional economies. For example, employment outside Wagga Wagga was led strongly by rural production while within the city health care, education and other public sector jobs predominate, along with retail trade. This diversification means that the Wagga Wagga economy is not as strongly integrated with the regional economy and is therefore insulated from some of the external forces which have affected the other regional capitals.

One issue that all the regional economies share, however, is their vulnerability to fluctuations in the costs of economic inputs, most notably energy and, particularly in the case of Launceston, transport costs. In addition, the commercial centres of some of the regional capitals, for example Geraldton and Launceston, are affected by changing retailing patterns.

#### *Institutional environment and intergovernmental relations*

The institutional environment has been determined by a combination of federal, state and local government policies, regulations and interactions that create the conditions that influence investment decisions. In the context of regional and local economic development in each of the case study regions this has been expressed through several key mechanisms including:

- *The formal system of local government established in each jurisdiction by the relevant state government.* This provides the foundation for local governance but can change over time through reforms initiated by state governments. For example, as noted earlier, the numbers of councils in the Mackay-Isaac-Whitsunday and Barwon/G21 regions have been reduced through state government amalgamation policies.
- The framework of regions, regional structures and institutions developed by state and federal governments directly or indirectly involved with regional economic development. These include government departments and other agencies established primarily to support regional economic development, as well as others which play a contributing role. For example, all the case study regions are covered by RDA committees while the Mid West region also has a state government development commission. Many of the regional capital councils, along with other councils and stakeholders in the case study regions, have also established their own regional structures, which will be considered in the next section.
- *The specific policies adopted by the state and federal governments to fund, facilitate or support regional economic development.* These include the federal government RDA program, which has contributed funds towards projects in most of the case study regions. State government initiatives include the Western Australian and Queensland 'royalties for regions' programs which have been of particular benefit to the Mid West and Mackay-Isaac-Whitsunday regions. Other policies which directly impact economic growth include decisions to locate government offices and public servants in regional centres and maintaining support for other institutions already located in these centres, for example the defence training establishments near Wagga Wagga and the location of key state and federal agencies in Geelong and Launceston.

This institutional environment provides the framework for the local and regional structures and policies adopted by the regional capital councils and other stakeholders which are considered below. However, a common area of concern across all the case studies was the introduction of major policy changes by the federal government (and in some jurisdictions by state governments) which have seen significant reductions both in grant funds and broader government engagement in some key policy areas connected to regional economic development.



## 4.3 Key ingredients for growing sustainable regional capitals and regions

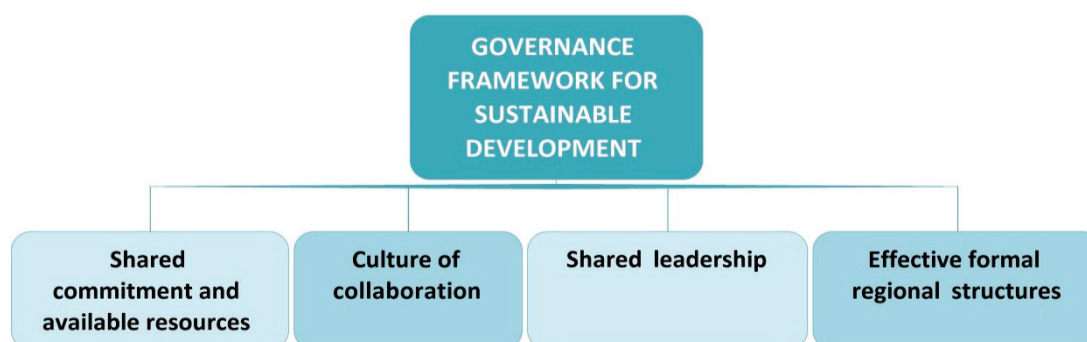
Each of the case studies provided insights into the key leadership and governance factors, or 'ingredients', which appear to have been significant in fostering sustainable economic development. While these are often closely related to the regional context and the drivers and inhibitors specific to each region, there are a number which potentially have more general application, both in relation to the role of local governance frameworks and more specifically the contribution of the regional capital council.

These ingredients are broadly consistent with the 'menu' of enablers of effective leadership discussed in the literature review and summarised in Table 5. It should be noted, however, that not all these factors are present in every case study regional capital and region, but some combination of these features are evident in each of the regional capitals and their regions.

### 4.3.1 Governance frameworks

The institutional environment described earlier does much to shape local and regional governance frameworks. How they operate is largely shaped by the institutional environment present in a regional capital and its region. While these frameworks cannot be considered in isolation from the prominent role that most regional capital councils exert within them, it is still useful to examine how some of the broader aspects of the governance framework can contribute to regional economic development. Figure 7 summarises key elements of the local and regional governance frameworks that emerged from the case studies undertaken. Each key ingredient is discussed in detail below.

Figure 7: Key ingredients in the local and regional governance framework in building sustainable regional capitals and regions



- A shared commitment amongst a range of key stakeholders to supporting regional wellbeing and growth with adequate slack resources to allocate effectively. The presence of a range of types of organisations which have different purposes but are prepared to participate collaboratively in different aspects of regional development was noted in all the case study regions. These include not only agencies which are specifically involved in economic growth but also those that are engaged in other aspects of development and in particular those which can contribute some staff resources with the appropriate expertise. While all five regions seem to have a minimum critical mass of such organisations, it is harder to determine whether each region has achieved 'an appropriate level of institutional thickness' in terms of the number of stakeholders actively involved.
- *Effective formal regional structure(s) which provide a framework for interaction and regional cooperation and collaboration.* All the case study regions have at least one formal regional body which engages with local government and to varying degrees with other stakeholders. These include the regional bodies discussed earlier which have been established by other levels of government, such as development commissions or RDA committees. In addition, in all regions

except the Mid West there are regional organisations that have been established by the councils themselves. Some of these have broad membership, while others are restricted to councils. As a result some regions such as Riverina East have several active regional bodies while others like Mackay-Isaac-Whitsunday and the Mid West have only one or two each.

However, the number of such organisations, how they are auspiced and even the areas they specialise in, do not seem to be significant in determining their effectiveness at providing a regional framework for collaboration. What appear to be more important are: (a) that they are present in the first place; (b) the extent to which they are supported by the regional capital council and most if not all the other councils in the region; and (c) their capacity to engage with other levels of government and other regional stakeholders.

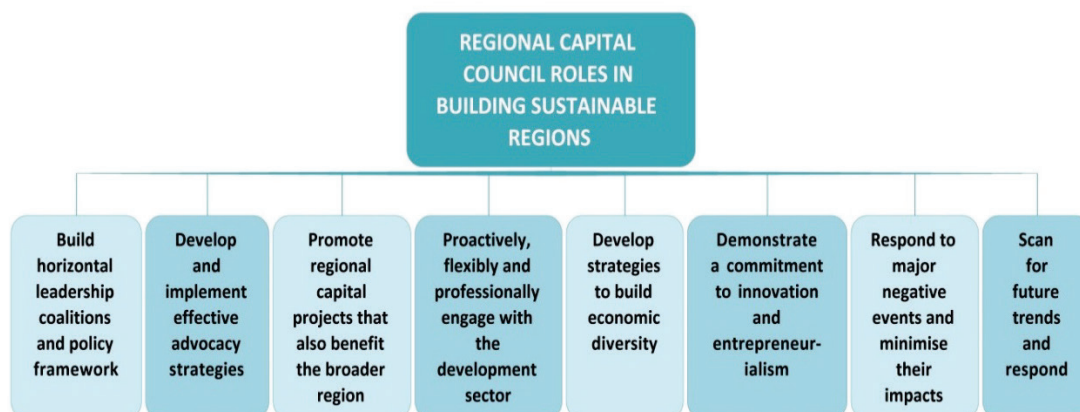
Several of these organisations concentrate specifically on economic development while others may include economic development within a broader set of objectives. The Mackay-Isaac-Whitsunday region provides an example in which the regional body, the Whitsunday ROC, does not have a primary economic focus but is still seen as important in assisting the member councils to work together strategically to support regional development in other ways. One example is building consensus around issues where the councils and other participants potentially have competing interests. For example, the Whitsunday ROC provides a mechanism for identifying and selecting a single high priority project for regional funding applications.

- The capacity for regional stakeholders to work together in developing both informal collaborations and more formal partnerships. While they are important in their own right, formal regional structures also provide a basis for fostering a culture of collaboration and the development of a wider range of relationships, ranging from multilateral formal agreements to more informal bilateral arrangements. These were identified in all the case studies and are often based on relationships involving individual stakeholder CEOs or other senior representatives. Examples included the MOUs signed between Wagga Wagga Council and Charles Sturt University and TAFE and the CEO meetings held in Geraldton. Several stakeholders across the case study regions emphasised the importance of the interpersonal relationships they had developed with their counterparts in other organisations in building other forms of regional collaboration.
- *A shared approach to leadership.* Most of the case study regions provided examples of projects in which the regional capital council, neighbouring councils and other stakeholders provided either joint leadership or specific components of leadership at different times of a project's development. These included applications to state and federal governments for infrastructure funding such as for road improvements in the Mackay-Isaac-Whitsunday region, an intermodal freight facility in Riverina East and bike trail construction in Northern Tasmania. Other examples of shared leadership include attempts to integrate the strategic planning processes of key stakeholder organisations in Geraldton, and obtaining stakeholder support and funding for local and regional projects such as the CCTV initiative in Wagga Wagga.

#### 4.3.2 Role of the regional capital council

The contribution of regional capitals to governance and leadership is central to the development of their regions and clearly extends beyond stakeholder involvement in the regional governance processes outlined above. The size of the regional capitals and the agglomeration of infrastructure and services available in each of them mean that by default they have a role as regional leaders. However, all of them have sought to exercise leadership in more proactive ways. While the approach of each regional capital council was found to be unique, some of the key shared ingredients for success adopted by a number of the councils are summarised in Figure 3 and discussed below.

Figure 8: Key ingredients for local government in building sustainable regional capitals and regions



- The ability to work with other major stakeholders to build ‘horizontal’ or distributed leadership coalitions and policy frameworks. This involves the regional capital council explicitly leading a process to build on and extend the regional organisations, and formal agreements and informal relationships described earlier to create a framework for collaboration in which power is both distributed but held accountable. While the regional council has a central role, these coalitions engage other stakeholders not only as participants but also as leaders, often within policy areas that are reformulated to match the needs of the regional capital and region and cross traditional policy sectors.

These new coalitions often start with forums, consultations or other forms of engagement with a wide range of stakeholders. They depend on the presence of a critical mass of organisations to provide the ‘institutional thickness’ described earlier. Perhaps the best examples found amongst the case studies are the formalised multi-purpose structures of the G21 Alliance, which operates regionally, and the Diversify Mackay process which has applied elements of the G21 Alliance model to a LGA level initiative. There are some examples of less formal leadership coalitions which have been established in relation to specific issues in the other case study regions, for example the foreshore redevelopment in Geraldton

- The development of an effective advocacy strategy to engage with state and federal governments as well as the local/regional community. Advocacy, like leadership, is more effective when it is shared. Most of the regional capital councils had identified ways in which they can build on the authority they hold as elected local bodies to lead campaigns to lobby state and federal governments, especially in relation to key policy issues and major funding applications.

These advocacy processes were particularly important in the Greater Geelong, Mackay and Wagga Wagga case studies. These involved strategies such as adopting a policy of seeking face-to-face contact wherever possible to build strong interpersonal relationships with local members, as well as leveraging the presence of marginal seats where these existed. Another important aspect of advocacy cited in several of the case studies was the ability to engage with the local community through formalised community consultation practices, as well as with the media.

- Support for projects and the adoption of strategies that support the growth of the regional capital but also, directly or indirectly, the development of the wider region. Several interviewees suggested that supporting the growth of the regional city and LGA was a key way in which the regional capital councils could support wider regional development. This is because these

centres contain a significant proportion of the regional population and also provide facilities and services that support the whole region and in some cases areas beyond.

While arguably this means that any development within the regional capital by will default also support regional growth, better results are achieved when this relationship is considered in project prioritisation and development. Examples include the airport upgrade in Wagga Wagga which provides direct benefits to businesses and residents in both the city and across the Riverina. The planned intermodal freight facility in the same city will also benefit a range of city and regional businesses. Less direct examples which have been implemented in various ways in all of the case study regional capitals include city centre revitalisations and upgrades to human services and recreational facilities that attract residents, new businesses and visitors to the regional centre and consequently the region.

- *The development of strategies to assist in diversification of the regional and/or local economy.* In addition to developing policies which support the current suite of industries in the regional capital and region, some regional capital councils with a more limited economic base were found to be actively engaged in strategies to diversify either their regional or local economies. These strategies seek to encourage the creation and growth of enterprises that are not so directly dependent on the region's major 'traditional' business sectors.

This approach is most relevant in areas where the regional capital's economy is closely integrated with that of the wider region and both are highly dependent on highly cyclical industries like mining and agriculture, or on industries experiencing decline such as manufacturing. This type of approach was evident in Mackay with its Diversify Mackay strategy and in Greater Geelong with the formation and activities of the G21 Alliance. Another example is Greater Geraldton's plans to foster the development of green and digital technologies.

- *Engagement in a proactive, flexible but professional relationship with the development sector.* A number of the regional capital councils identified the importance of building positive relationships with developers within their LGAs, especially for large-scale development proposals. This involves promoting an 'open for business' image, for example by being receptive to major proposals and adopting a balanced and professional approach in working with the proponents to address any key issues, rather than just leaving these issues entirely to the developers to resolve.

A number of the case study regional capital councils such as Launceston and Geraldton have adopted elements of this strategy, but it is Mackay which has taken it furthest with its regular developers' forums. These involve high-level council representatives meeting with developers on a regular basis to provide a consistent and ongoing basis for engagement between local government and the development sector.

- *A commitment to innovation and entrepreneurialism.* Most state governments limit the ability of councils to be directly involved in commercial activities, but a number of the regional capital councils have developed infrastructure such as airport technology parks and other facilities (Geraldton and Wagga Wagga) to create environments that will support private sector innovation and entrepreneurial activities. Others have been able to become more directly involved in their own entrepreneurial activities like Mackay Regional Council's joint venture with the state government to develop a residential estate on council-owned land.
- *The capacity to respond to major negative events and to minimise their impacts.* All the case study regional capital councils have needed to respond to major negative events in recent years. These included natural disasters such as drought, flooding and cyclones and other crises such as the impacts of the GFC, the downturn in mining, the decline of manufacturing and the collapse of the timber industry.

The councils developed various responses to these crises. The more successful initiatives appeared to be aimed at building community and business resilience throughout the recovery phase so that residents and businesses can better cope next time such an event occurs. Examples of these initiatives include Wagga Wagga's FloodFutures community engagement project developed in response to the recent multiple floods which affected the city, Mackay's attempt through its Diversify Mackay initiative to ensure the city's economy can better cope with the mining downturn and Geelong's successful bid for the NDIS headquarters to provide alternative employment opportunities to help offset the collapse of the car industry.

- *An ability to 'scan' for future trends and respond proactively.* Complementing the other ingredients is the capacity to anticipate future trends which could provide potential threats and/or opportunities and respond to these appropriately. This builds on but goes beyond the ability to deal with negative events after they have occurred and strategies to develop economic diversity. Importantly it involves not just attempts to forecast these trends but also attempts to take the initiative in recasting the region's economic direction.

This approach has informed a number of the examples mentioned in relation to the other ingredients, including Greater Geraldton's support for the bid for the Square Kilometre Array project, Greater Geelong's involvement in the establishment of BioGeelong and the Geelong Centre for Emerging Infectious Disease. and the Diversify Mackay initiative. In all these examples the regional capital council has worked closely with other stakeholder organisations to develop or support initiatives which are qualitatively different in nature and scope to the 'traditional' economic base of the city or the wider region.

## 4.4 Conclusion

Through a set of case studies this project set out to describe the leadership and governance roles of five regional capital councils, and the processes of interaction between these councils and other key stakeholders in building regional competitiveness, resilience and sustainability. In doing so it also sought to define what was meant by a strong regional capital and region, the key drivers and inhibitors involved in their creation, and key governance and leadership ingredients that would support these drivers and minimise the impact of the inhibitors.

It has become clear that the pattern and trajectory of economic growth in all the case study regions have been shaped by a range of forces that are largely beyond the power of the regional capital councils to control and even in some cases influence. These impacts are also unevenly distributed. For instance, while Greater Geraldton and Mackay have received considerable benefits from their proximity to mineral resources, Greater Geelong has had the advantage of its proximity to Melbourne. Other forces, such as changes in global economic and market conditions, are more universal but have affected each region and regional capital in different ways. Then there are the different institutional systems created by state and federal governments in which local government must operate, along with the federal government's funding framework. Finally, there are the natural forces such as floods, droughts and cyclones that have affected all of the regions but in different ways.

These processes have resulted in regional capitals and regions with markedly different development determinants and outcomes. In terms of inhibitors, two regional capitals (Greater Geraldton/Mid West and Mackay/Mackay-Isaac-Whitsunday) are closely tied to the mining sector and are currently feeling the effects of its downturn, while another two (Greater Geelong/Barwon-G21 and Launceston/Northern Tasmania) are facing the consequences of the collapse in Australian manufacturing. Launceston/Northern Tasmania is also affected by the decline in the timber industry. While Wagga Wagga/Riverina East has not been quite so affected by these forces, it has had to manage the consequences of a series of devastating floods. On the positive side, Greater Geraldton

and Mackay, along with their respective regions, benefited when mining was in its boom phase, and Greater Geelong benefited from its critical mass and proximity to Melbourne while this regional capital and Launceston have had the advantage of being the second cities in their states.

There are also a number of things these cities and regions have in common. With the exception of Wagga Wagga and Riverina East, there is a very high degree of integration between the economy of the regional centre and that of the region, though the direction of that integration varies. The economies of Greater Geraldton and Mackay are both highly influenced by their regions' mining industries, while in the case of Greater Geelong the influence clearly runs the other way, with the regional economy largely dominated by the city's declining manufacturing base. Launceston is buffeted in both directions – the decline in manufacturing based in Launceston has affected the whole region, while the decline of the timber industry across Northern Tasmania has clearly impacted on the city.

While many of these forces are impossible for the regional capitals to control, this does not necessarily mean they are powerless to influence the outcomes. Each of these cities has recognised the need to exercise regional leadership either directly or indirectly through a range of policies and strategies to encourage economic development; these have often been developed in response to some of the inhibitors discussed above, often precipitated through a recent crisis. For example, Greater Geraldton and Mackay are pursuing policies that respond to the mining downturn and Greater Geelong and Launceston are attempting to deal with the collapse in manufacturing. In other instances, however, the actions taken have been a product of these cities taking a proactive stance in identifying and capitalising on development opportunities as they emerge.

Although this study has been valuable in providing insights into the role of local government leadership and governance in supporting the development of regional capitals and regions, it is also important to acknowledge some of the research limitations and challenges which have affected this project and which would be likely to impact future research. Perhaps one of the most significant issues faced has been the lack of quantitative data available at the local and regional levels. While there is some material available, for example demographic data derived from the census and other sources, there is very limited data on the economic performance of regional capitals or indeed of regions, especially in rural and more remote areas.

Although it has been possible to identify some of the key ingredients of the regional capital responses to major events impacting on their development, and to provide examples of specific successes which have resulted from their use, it has not been possible within the limitations of this study to determine their overall effectiveness. Evaluating the effectiveness of local and regional development initiatives and actions brings with it a number of challenges. Amongst these are: the need to identify suitable measures of inputs to the development process and indicators of the outcomes and impacts to quantify the effectiveness of the actions taken; the considerable difficulty of disentangling the impacts of the strategies and actions implemented from those associated with the external forces described earlier and other local forces that may be simultaneously in play; and the long-term nature of many of the outcomes and impacts of the development strategies and actions.

In this study, several of the local responses had only recently commenced and so their impacts were yet to be realised. Also, quantifying the size and significance of the unique contributions of local government leadership and governance in building a strong regional capital and region would have required suitable data to measure the various drivers and inhibitors at play in the regional capitals as well as indicators of the outcomes and impacts, as depicted in Figure 1 of this report. As neither was readily available at the local or regional level, this was beyond the scope of this project.

This study does, however, suggest some additional avenues for future research. There may be value, for example, in conducting a number of longitudinal studies in these or other regions where regional capital councils have recently initiated or are about to commence significant governance initiatives to evaluate the effectiveness of these actions over time. This would provide an opportunity for early data collection as the initiative commences and is subsequently rolled out. It would also enable greater control over the type of initiative explored, as opposed to canvassing the views of stakeholders in relation to self-selected events after they have occurred. It would also be possible to interview significant stakeholders as the initiative commenced and progressed as well as observe some of the specific activities and their outcomes first-hand.

There may also be opportunities to use these case studies to explore further specific aspects of the integration between regional capitals and their regions and how they influence each other. As noted earlier, for example, regional capitals contain a large proportion of the total regional population and often account for the significant proportion of jobs in their regions. However, there is much to explore regarding the nature of the interactions between the regional capital and the surrounding region, and the processes and mechanisms through which the impact of local leadership and governance initiatives permeate through the local and regional economies.

Nonetheless, the challenges of evaluating the effectiveness of economic development strategies noted above would need to be addressed in any proposals to undertake additional case studies or other forms of research, most notably those involving quantitative methodologies relating to these centres and regions. There is little doubt, however, that regional capital councils can and have played a key role in responding to the forces impacting on the development of regional capitals and their regions, and that in the long term some of the initiatives they have implemented may be critical in building community resilience and sustainability.

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