The Upper Spencer Gulf
Common Purpose Group:
A Model of Intra-regional
Cooperation for Economic Development

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### Abbreviations

- **CEO**  - Chief Executive Officer
- **CIT**  - Community Interaction Theory
- **CPG**  - Upper Spencer Gulf Common Purpose Group
- **CWP**  - Coventry and Warwickshire Partnerships
- **DIT**  - Department of Industry and Trade
- **EDANZ**  - Economic Development Association of New Zealand
- **EDB**  - Economic Development Board
- **FRACC**  - Flinders Region Area Consultative Committee
- **HEDC**  - Hunter Economic Development Corporation
- **HROC**  - Hunter Regional Organisation of Councils
- **HURDO**  - Hunter Regional Development Organisation
- **KPI**  - Key Performance Indicator
- **LAG**  - Local Action Group
- **LEADER**  - Liaison Entr’Actions de Développement de L’Economie Rurale
- **MOU**  - Memorandum of Understanding
- **NSW**  - New South Wales
- **NT**  - Northern Territory
- **PEM**  - Program Evaluation Model
- **RDB**  - Regional Development Board
- **RDO**  - Regional Development Organisation
- **SEED**  - South-East Economic Development
- **SA**  - South Australia/n
- **TAFE**  - (Institute of) Technical and Further Education
- **USGIT**  - Upper Spencer Gulf Implementation Team
- **WEDB**  - Whyalla Economic Development Board
Executive Summary

The Upper Spencer Gulf Common Purpose Group (CPG) was established as an incorporated body in January 1999 to facilitate economic development in the region and turn around the depressed, declining regional economy. The Upper Spencer Gulf comprises the cities of Port Augusta, Port Pirie and Whyalla, together with their hinterlands. The CPG aims to do this by fostering cooperation and collaboration in a region with a history of inter-city rivalry and insularity. Membership of the CPG comprises the mayors and CEOs of the three local governments, the CEOs of the three Regional Development Boards, and one representative from each of the combined Chambers of Commerce, trade unions, the Whyalla Campus of the University of South Australia, and the Spencer Institute of Technical and Further Education. The Flinders Region Area Consultative Committee has observer status.

This study was commissioned by the Commonwealth Department of Transport and Regional Services to review the CPG as an example of best practice in intra-regional cooperation involving two or more local governments. Aims were to:

1. Describe the structure, functioning and history of the CPG (Chapters 1 and 3);  
2. Identify the principles upon which it is based and describe an Upper Spencer Gulf Common Purpose Group model (Chapter 4);  
3. Compare the CPG with other documented attempts at intra-regional cooperation in Australia and elsewhere (Chapters 2 and 4);  
4. Develop key process performance indicators applicable to the CPG and similar regional development organisations (Chapter 5);  
5. Using these indicators, assess the extent to which the CPG can be regarded as best practice in intra-regional, inter-city cooperation for economic development (Chapter 5); and  
6. Assess the transferability of the CPG model to other regions (Chapter 6).

We did not evaluate the CPG’s performance in relation to its vision of turning around the regional economy by 2010 because it is too soon to do so.

A multi-method, participatory, single case-study design was adopted. The design involved: analysing existing documentation concerning the formation and development of the CPG within its particular context; conducting in-depth interviews, a focus-group workshop, and a study feedback and review session with CPG members and other key stakeholders; and identifying and critically reviewing reports of similar intra-regional, inter-city regional development initiatives in Australia and other countries.

Surprisingly few comparable cases were found in the Australian and international literature, and these were quite different to each other. The CPG is fairly unique amongst these. From analysis of these cases and the CPG a framework was developed to describe the CPG model. This framework comprises 17 dimensions relating to (1) the organisation and (2) its embeddedness in market and social networks.

Using these dimensions we found that the CPG was established in the context of major economic threat to the Upper Spencer Gulf as a regionally based attempt to turn around the economy through cooperation between the three cities in the region. It pursues this
aim primarily by: acting as a peak economic development organisation for the region; facilitating cooperation and partnership development within the region; engaging in strategic regional planning; positioning the region in state, national and international markets; facilitating economic development; providing the region with access to information; and building local business capacity. The CPG is recognised by the major regionally based and external stakeholders as the legitimate cross-city economic development organisation. As such, it is a regionally owned and controlled, autonomous organisation run primarily by the three local authorities and the three RDBs, which effectively locates the initiative for development within the region.

The CPG is an independent incorporated body, with a flat organisational structure, which operates with a degree of formality at the committee level, but through extensive informal interaction outside of meetings. Core members are the key regionally based stakeholders in regional development, who are well supported by the South Australian and Commonwealth Governments. The CPG focuses clearly on economic, rather than social or community, development at the regional, rather than community, level, and is project, rather than politically or administratively driven. Nevertheless, it has a dual focus on economic markets and the networks in which it is embedded. The CPG makes good deliberate use of this embeddedness to maximise its network capability and its access to high levels of technological, intellectual, and social capital.

Three lists of process key performance indicators for organisations established to foster intra-regional cooperation were generated from: (1) the normative versions of 14 of the 17 dimensions comprising the descriptive framework; (2) general principles of intra-regional cooperation for regional development generated from a literature review and the case studies; and (3) a workshop conducted as part of the study. General principles are as follows:

1. Recognition of the complexity and interrelatedness of regional economic and social development issues.
2. Dual focus on issues of investment and production as well as the social networks and relations in which these are embedded.
3. Broad involvement of stakeholders across sectors within the region.
4. Involvement of all tiers of government.
5. Engagement of intra-regional, extra-regional and government stakeholders with each other.
6. Communication and interchange between diverse sectors, which creates links between the development of ideas and initiatives originating from stakeholders.
7. Relating top-down leadership to bottom-up participation.
8. A broad and stable political base to offset domination by particular interest groups.
9. Cooperation between local authorities as members of dedicated coalitions, rather than as the prime movers of regional development.
10. Regionally based development.
11. Differentiation, and rationalised interaction, between regional and community layers in development.
12. Central governments acting as partners, not as a dominating presence.
13. Adequate and predictable funding, independent of electoral cycles, which provides for stability and effective planning.
14. Multi-track dialogues and feedback between the cooperative regional development organisation and industry, community partners and government.
15. Insulation of cooperative regional development organisations from excessive bureaucracy.
16. Realistic appraisal of regional capabilities, technology cycles, and competition.
18. Helping local communities to identify promising projects and secure investment and funding for them.

The workshop generated seven generic requirements and associated indicators for organisations established to facilitate intra-regional cooperation:
1. Clarity of, and support for, organisational identity, purpose and focus.
2. Level of trust, commitment, and mutual support within the organisation.
3. Effectiveness of communication and marketing (as indicators of the extent to which the organisation influences its environment).
4. Effectiveness of budgeting and resource management.
5. Effectiveness of internal group dynamics, committees, and structural processes.
6. Extent of embeddedness in regional business, political, community and regional networks, as well as inter-member relationships characterised by trust, goodwill, reciprocity, and norms of cooperation.
7. Effectiveness of monitoring and evaluation of performance, structures, and processes.

Our review of the CPG using these indicators found that it appears to be an example of best practice in intra-regional cooperation involving two or more local governments. A few areas of activity were identified in which the CPG could enhance its performance, such as marketing, advertising, and public relations beyond the economic arena, and publicly celebrating successes. There are three qualifications to this general conclusion. Firstly, the CPG is still in relatively early stages of development. Clearly, though, in process terms, it is heading in the right directions. Secondly, we have not evaluated the CPG’s performance according to ‘hard’ outcome indicators. Thirdly, the CPG focuses on economic development at the regional level, especially through enterprise and export development. So it does not currently relate to indicators pointing to community and social development, other sectors (such as health), or relating regional-level leadership with grassroots community-level participation and initiative. Nor should it do the latter given its vision, strategic plan, focus, and priorities.

The study provides answers to the question: ‘What can other similar regions learn from the experience of establishing the Upper Spencer Gulf Common Purpose Group?’ The general conclusion is that the CPG model, or elements of it, should be seriously considered for adoption by other similar regions interested in developing a cooperative structure, with appropriate modification according to various contextual factors. Most elements of the CPG model appear to be transferable to other contexts, although there are some, such as high social capital in regional networks and amongst members, which would be difficult, if not impossible, to create where they do not exist already. The model appears to be more readily transferable to regions with the following characteristics:
- Significant economic threat.
- A population size of around 20,000-70,000.
- A manageable geographic, demographic, and industrial/economic context.
- Two or more local government areas that are either adjacent, or readily geographically accessible, to each other.
• Sufficient determination to cooperate.
• A reasonable level of good will amongst most of the major stakeholders.
• Current, or at the very least, emerging economic opportunities.
• A reasonable level of local business capability and infrastructure.
• Central government support for development of the region through locally driven intra-regional cooperation.
• Access to moderate funds.

Table 6.1 (p.88) identifies the elements of the CPG model that appear to have been crucial to its success at fostering economic development through intra-regional cooperation.

A number of other recommendations are made in Chapter 6. We suggest that organisations similar to the CPG should consider:
1. Separating policy and planning from implementation – the CPG does this through the structural separation of the Implementation Team from the CPG Board;
2. Establishing formal resource agreements with their funding sources;
3. Sourcing the majority of their operational resources from local stakeholders; and
4. Assessing their industry base to identify additional industry sectors as potential sources of competitive advantage for their regions.

Three recommendations relate specifically to the CPG:
1. A detailed examination of future financial and human resource and executive support requirements of the CPG and the USGIT should be undertaken as a matter of priority;
2. The CPG and its stakeholders should formally consider the ongoing resource requirements of the CPG and strategies to increase the amount of investment capital that is available locally; and
3. The CPG should consider developing a health care industry cluster or a Health Action Zone, as has occurred in comparable regions in England.

Other recommendations arising from the study are that:
1. A descriptive, comparative framework for models of intra-regional cooperation, such as the one generated from this study, should be further developed; and
2. A detailed, sophisticated PEM for process performance of regional development organisations aimed at fostering intra-regional cooperation should be developed, which could then be integrated with hard outcome indicators into a comprehensive PEM.

As for the future of the CPG (including the USGIT), we see no reason to change its general directions, plans, structure, or operations in the short-term. The bottom line is that the CPG should continue because it has turned around relationships between the three cities from rivalry and insularity to effective cooperation balanced by reasonable competitiveness between them. Assuming that at least the current level of financial and in-kind support continues, we anticipate that the CPG will probably continue in its present form for the foreseeable future in response to emerging new opportunities for the region, which will keep it alive and energetic.
Chapter 1

The Study
The Upper Spencer Gulf Common Purpose Group (CPG) was established as an incorporated body in January 1999 to facilitate economic development in the Upper Spencer Gulf region in South Australia (SA). The Upper Spencer Gulf comprises the cities of Port Augusta, Port Pirie and Whyalla, together with their hinterlands. Membership of the CPG comprises the mayors and chief executive officers (CEOs) of the three local governments, the CEOs of the three Regional Development Boards (RDBs), and one representative from each of the combined Chambers of Commerce and trade unions, the Whyalla Campus of the University of South Australia, and the Spencer Institute of Technical and Further Education (TAFE). The Flinders Regional Area Consultative Committee (FRACC) has observer status.

The CPG was established to facilitate economic development, cooperation and collaboration in a region with a history of inter-city rivalry and insularity, in an attempt to turn the depressed, declining economy around by 2010. Regions are geographic and political entities that frequently place cities as bedfellows with little in common other than proximity. Prior to 1999, the Upper Spencer Gulf region had a history of generally poor inter-city cooperation. The three local governments and RDBs tended to operate independently of each other, and frequently competed. Inter-sectoral cooperation with the tertiary education sector and trade unions was infrequent and uncoordinated. The former Regional Economic Development Organisation found it difficult to facilitate coordination and cooperation within its region because it covered a large, diffuse area of 86% of South Australia, and experienced some conflict with the Regional Development Boards (RDBs). Consequently, many opportunities for marketing, leveraging large projects, and lobbying government and industry on a regional basis were missed, resulting in wasteful duplication of effort and diminished political, economic and industrial power.

In 1998, a comprehensive independent study by the South Australian Centre for Economic Studies (1998) concluded that the Upper Spencer Gulf cities were performing poorly compared with other provincial cities in South Australia. This study examined a number of social indicators, such as population size, unemployment and welfare dependency, and economic measures such as employment growth and household income. In common with other studies, it reported downward trends for population size over two decades. At the time, there was no evidence to suggest that this generally downward trend would be reversed without significant government intervention. However, previous attempts to strengthen the regional economy through government programs had failed to reverse the decline.

The CPG was established in this context to face the economic and social realities confronting the region and attempt to reverse the decline and build a foundation for sustained long-term growth by fostering intra-regional cooperation. How it was established, who the key players were, the agendas at work, and the interactions and networks involved are analysed in Chapters 3 and 4.

**Overview of the Upper Spencer Gulf Region**

The Upper Spencer Gulf region comprises two municipal councils covering the cities of Whyalla and Port Augusta, and one regional council, the Port Pirie Regional Council. The region is one of contrasts: extensive rural areas, yet with the three major urban areas hugging the coast of Spencer Gulf. Approximately 80% of the population resides in the seaside centres that developed to serve the traditional industries of the Upper Spencer Gulf – resource processing, shipbuilding, steel and heavy manufacturing, and railways. These
industries have been seriously impacted by national and international changes in their markets, and have experienced considerable downsizing and restructuring. By contrast, the rural districts incorporated into the Port Pirie Council in the late 1990s have experienced a number of good seasons – in part due to diversification into new crops – as well as benefiting from improved international prices for existing products.

The region has a low gross product compared with other Australian regions. Unemployment remains stubbornly high, and there are relatively low rates of new business formation and growth in new job creation. There have been significant declines in population (10.7% in the decade from 1986 to 1996) and employment (25.5% in the same period) (South Australian Centre for Economic Studies, 1998). Unemployment in the Upper Spencer Gulf is higher than any other South Australian region, and median weekly household incomes are significantly below State and national figures (ibid). In 1996, the median weekly income for all South Australian households was $573. For Port Pirie it was $447, for Port Augusta $530, and for Whyalla $545 (ibid). All this suggests that the Upper Spencer Gulf is a region that struggles in the new, globalised, and increasingly competitive national and international economies.

The three cities have a long history of poor cooperation with each other. This is despite their relative proximity and the general similarity of their economies, which have, in the past, featured dependence on one major industrial enterprise. The formation of the CPG represents an initially tentative move from separate and, in some ways, parochial attempts to tackle the economic, demographic, and social decline of the three cities, to a focus on collaboration as a vehicle for repositioning the region and reinvigorating its competitive advantages.

In 2000, the South Australian Regional Development Taskforce proposed in its report to the Premier that an evaluation of the CPG should be conducted. The SA Government subsequently supported this recommendation in the hope that the CPG might represent an effective locally driven response to long-term regional economic decline that might be used in other regions. The CPG also accorded with State and Commonwealth policies favouring regionally, rather than locally, based economic and social development, and regional and community self-reliance. The SA Government is currently conducting such an evaluation.

**Background To This Study**

While evaluations based on outcomes – or summative evaluations – are valuable, they also have limitations. If other regions are to fully evaluate the potential utility of the CPG model for their own contexts, they need information concerning its outcomes, how these outcomes have been achieved given the CPG's context and history, and the processes involved in its establishment, operation, and evolution. These are the elements of formative (or process) evaluations. Assessment of the success of the CPG and of similar regional development initiatives thus requires a Performance Evaluation Model (PEM) containing key outcome and formative performance indicators. Also required are analyses of the initiative's context and the factors contributing to the outcome. These factors include both hard indicators, such as local economic and industrial resources, and process indicators, which include the human and social variables – the kinds of relationships, interactions and networks that contribute to success or failure.
Rightly, CPG members believe that it is premature to evaluate the CPG’s performance according to outcomes because it was so recently established and because its vision is for the Year 2010. For this reason, and because the CPG exists to facilitate coordination, cooperation and partnership development in the region, our review focuses primarily on process indicators.

Non-government, non-profit, regional development organisations such as the CPG exist to facilitate economic growth, population expansion, increased export earnings and the like within the region. For two reasons, however, it is invalid to judge them exclusively according to these measures. Firstly, many factors beyond their control, or even influence, contribute to their performance on these indicators. Secondly, regional development organisations are established not to achieve growth directly but, rather, to make certain processes happen - e.g. to coordinate, facilitate and foster cooperation amongst the players so that the region can grow economically through, e.g., increasing profits and export earnings. These process indicators, which are so central to non-profit regional development organisations, are more difficult to define, operationally and measure.

Furthermore, traditional evaluations of regional development initiatives tend to be driven by neoclassical economics. Consequently, they can be opaque to the qualitative subtleties of local politics, the interactions and relationships that make a regional economy tick, and the social, business and government networks through which these happen. For this reason, a sociological approach was taken in this study, rather than a strictly economic one.

This approach draws on recent sociological analyses of how economic markets operate. The common theme is that individual and institutional behaviour, including economic actions and decisions, are influenced by (embedded in) social relations. But to what extent? In his classic statement, Granovetetta (1985) pointed out that the history of social thought provides three alternative general answers to this question:

1. Social influences are minimal because human behaviour is overwhelmingly determined by intentional, self-interested actions (atomism);
2. Individual and institutional behaviour are highly constrained (or determined) by social influences (over-socialism);
3. Purposive human action (or agency) is embedded in ongoing systems of social relations, operationalised as concrete interactions and relations in actual, particular social networks (social embeddedness).

Atomistic views hold that people and organisations are overwhelmingly driven by self-interest, which, in economic terms, translates as profit-maximisation. Rational-choice theories, which are common in economics, adopt this position. According to these, social factors are frictional variables, which are to be reduced as much as possible. In over-socialised views, an individual’s or organisation’s intentionality (agency) is highly constrained by powerful, rather ethereal, social phenomena such as social norms and sanctions. Viewing people and organisations as socially embedded, on the other hand, means that they have agency, although this is exercised within the actual relational and interactional dynamics of real, concrete social networks. Granovetetta’s extensive review of research on economic markets confirms an embedded view. Applied to economic markets, this suggests that the economic decisions and actions of individuals and organisations are usually embedded in actual, concrete networks of social relations. They are rarely purely rational choices based on efficiency and profit maximisation or determined by the norms, sanctions and the like that are implicit in society or the economic market (Smith’s ‘invisible hand’).
For example, a builder does not decide each morning which plumber to contract for the day solely according to a daily cost-benefit analysis of a number of competitors. They are more likely to engage a contractor because they have used them in the past, they know them socially, they used to work in the same company, they were once an employee, they were recommended by a mate and so on, rather than because they are the cheapest and most efficient.

From this perspective, the CPG is both constituted by, and embedded in, networks of social relations and interaction - both within the region and between the region and the outside world. Indeed, it owes its very existence to recognition of the fact that intra-regional cooperation happens through certain kinds of relations between individuals and organisations. In this sense, its ostensible purpose is to support and develop cooperative interaction. This study shows that social relations, interaction, and networks have played a crucial role in the establishment, formation, and operation of the CPG.

Methodology

Aims

Aims of this study were to:

1. Describe the structure, functioning, and history of the CPG;
2. Identify the principles upon which it is based and, if possible, describe an Upper Spencer Gulf Common Purpose Group model or framework;
3. Compare the CPG with other documented attempts at intra-regional cooperation in Australia and elsewhere;
4. Develop a Performance Evaluation Model (PEM) applicable to the CPG and similar regional development organisations, incorporating key process performance indicators;
5. Review the performance of the CPG according to these indicators;
6. Assess the extent to which the CPG can be regarded as best practice in intra-regional, inter-city cooperation for economic development; and
7. Identify the factors that should be taken into account when assessing the potential utility of the CPG model for other contexts.

A multi-method, participatory, single case-study design was adopted, using qualitative and quantitative data. It was multi-method because several research methods were used, participatory because CPG members participated in the design and implementation of the study, and a case study because a single organisation was analysed. The design involved:

- Analysing existing documentation concerning the formation and development of the CPG and its context;
- Conducting in-depth interviews, a focus-group workshop, and a study feedback and review session with CPG members and other key stakeholders;
- Identifying and critically reviewing reports of similar intra-regional, inter-city regional development initiatives in Australia and other countries, and situating the CPG amongst these;
- Developing a framework for describing models adopted by such initiatives;
- Using this framework to identify the CPG model;
• Critically reviewing literature concerning models of intra-regional, inter-city cooperation in regional development;
• Developing a process-focused PEM, comprising key performance indicators (KPIs), for reviewing the CPG and similar organisations; and
• Reviewing the CPG according to these indicators.

All individual interviews were conducted before workshops so that responses were not contaminated by workshop discussion. This delayed the workshops because some participants were senior government executives who were preoccupied with Commonwealth and State elections.

The Human Research Ethics Committee of the University of South Australia approved the study (Protocol Number P185/01). Each participant read an information sheet, was given the opportunity to discuss it, and signed a consent form before participating in the interview or workshop. Each was given the option of consenting to taping or not taping the interview or workshop.

Interviews

In-depth, face-to-face interviews were conducted with current and past CPG members and other key stakeholders, including Commonwealth and State officials and key consultants who had been involved in the organisation’s formation and development. Some participants were interviewed more than once because a single interview was insufficient to capture the richness and breadth of their experiences and perceptions. The researchers conducted all interviews, which lasted on average from one to one-and-a-half hours. All participants gave written consent for the interview to be audiotaped. Tapes were subsequently summarised in detail, with many such summaries amounting to virtual transcriptions.

Interviews were semi-structured. A detailed interview guide focused participants on particular issues, although it was sufficiently flexible to allow interviewees to volunteer information according to their experience of the CPG and their particular relationship with it. The interview guide is presented in Appendix 1 (pp.101-115). Interviews were conducted according to the interviewee’s information base. As no participant had information relating to all issues, no single interview covered them all. By pooling the information from all interviews we could generate a comprehensive and detailed picture of the CPG and its history, incorporating the different perspectives of interviewees. Interviews addressed the following.

1. The CPG’s establishment, development, present structure and operation (visions, goals, objectives, structure, projects, stakeholders’ agendas, interaction with the environment); internal interaction; explanatory factors; opportunities and constraints; strengths and weaknesses; and economic, industrial, geographic, social, legislative, administrative and other local, regional, State, national and global contexts.
2. Issues facing the CPG and how they have been and are being addressed.
3. Frameworks, models and principles explicitly or implicitly underpinning the CPG’s formation, development and operation.
5. Sources of contextual information.
6. Performance appraisal – KPIs; frameworks explicitly or implicitly underpinning these; performance evaluation; performance-enhancement strategies.
7. Predictions for the future – visions, goals and objectives; structure; process; projects; strategies; contexts and sources of contextual information; opportunities and constraints; stakeholders and agendas; interaction and networks; strengths and weaknesses; frameworks and models; clients; issues.

8. Overall assessment of the CPG as a best-practice model of intra-regional, inter-city cooperation in regional development.

Workshop

A focus-group workshop was conducted in Port Augusta. It focused on participants’ identification of process KPIs. There were 14 participants, most of whom were current and past CPG members. Results are incorporated into Chapter 5. A consultant, Dr Tony O’Malley, who is well known, respected, and trusted throughout the Upper Spencer Gulf region, facilitated the workshop. Because of his consulting activities, Dr O’Malley has an excellent knowledge of the region, and extensive local networks. He knows the CPG and its members well, having been engaged as a consultant on some of the group’s projects. At the same time, he has some distance from the CPG, the region, and the research team because he is based in Adelaide. Dr. O’Malley is also an excellent workshop facilitator.

Study Feedback and Review Session

This session was conducted as an adjunct to a CPG meeting. The draft research report was presented by Dr. Cheers and Associate Professor Harvey, and feedback, reflections and additional information and thoughts were sought from participants. Mr. Ken Maddigan, who is CPG Chair, chaired the workshop. Associate Professor Harvey has an intimate knowledge of the CPG, having been a member throughout the period of its establishment and development. Since retiring from the Campus Deanship in December 2001 he has lived in Adelaide, although, while no longer part of the CPG, remains an interested but neutral observer. Associate Professor Harvey is locally well known, respected and trusted, has good knowledge of the region, and has extensive local networks.

Report Structure

This report is simply structured. In this chapter we have introduced the CPG and presented the study’s rationale, design and methodology. Chapter 2 reviews other examples and models of intra-regional, inter-city cooperation in regional economic development from Australia and overseas. A framework comprising descriptive dimensions for describing and comparing such initiatives (see Chapter 4, Table 4.1, pp.48-49), and possible best practice principles for intra-regional cooperation (see Chapter 2, p.34), are identified from this review and the more general regional development literature. In Chapter 3 we provide a detailed description and analysis of the present structure and operation of the CPG and its establishment and subsequent development. This chapter aims to describe how it is structured, how it operates, its origins and subsequent development, and how it got to be the way it is. Throughout these chapters, analysis focuses on both the structural and process aspects of the CPG and its evolution. Our account of the CPG’s development ceases at March 2002 because that is when this report was compiled. In Chapter 4, we identify the principles underpinning the CPG’s development and present operation, integrating these into a model of the organisation. Chapter 5 identifies the process KPIs generated from the study and reviews the CPG according to them. Finally, in Chapter 6 we identify the key components of the CPG model,
the factors that have contributed to its success, and the model’s transferability to other contexts. We conclude with a number of recommendations for the CPG itself, other similar organisations, and further development of the KPIs and model descriptors generated in this study.
Chapter 2

Intra-regional Cooperation in Regional Development
This chapter (1) critically reviews examples from Australia and overseas of intra-regional cooperation involving two or more local governments that are comparable with the CPG and, from this analysis, (2) identify dimensions that can be used to describe and compare models of cooperation, and (3) identify generic best-practice principles.

**Principles of Best Practice in Intra-Regional Cooperation**

In recent years the notion of regional development has changed from an emphasis on targeted policies to redress the problems of uneven growth in areas that are lagging, to a more positive understanding of the need for regions to develop their competitiveness through value adding in such a way that business can become more successful against both national and international competition.

Regional development programs are typically devised in an attempt to deal with problems of economic distress and social exclusion in non-metropolitan settings. In developed countries, these problems form a characteristic pattern of:

- Low rates of economic growth, or even decline;
- Low levels of entrepreneurship and technical innovation;
- Weak investment;
- Late-phase, or received-only, technical capacity;
- Stagnant or declining population;
- High unemployment;
- Low income levels;
- High poverty rates;
- High welfare dependency;
- Limited, and often deteriorating, services and infrastructure; and
- High rates of particular health and social problems.

Best practice in regional development recognises that these problems make up a complex of interlinked economic and social phenomena, and that finding solutions to them requires a multi-faceted approach focusing not only on issues of investment and production, but also on human attitudes, relations and networks. Effective regional development, while encompassing both the immediate locality (or community) and the wider region, distinguishes between these levels. In drawing this distinction, our analysis differs from that of writers such as Blakely (1989), who uses the terms ‘local’ and ‘regional’ interchangeably. Certain tasks that are integral to the development of a region are best planned and executed at a local community, rather than regional (or ‘multi-community’), level.

A central generating principle of effective regional development is communication and interchange between diverse actors, both within the region and in some cases beyond it, that have an interest in overcoming distress and exclusion. Best practice in regional development, it is argued, provides a field of contact and dialogue between development ideas and initiatives originating at the state, regional and community levels. By breaking down the compartmentalisation that isolates policy issues within separate agencies, programs and services, best practice in regional development fosters new strategies and policy innovations, and encourages new alliances. Familiarising participants with the organisational capacities of other partners, it multiplies the potential for integrated, or at least coordinated, program development and implementation.
This understanding of effective regional development as a complex of economic and social initiatives, expedited (and indeed, often engendered) by dialogue, is supported by each of the three dominant approaches to development that include social elements: (1) community development, (2) social networks and systems, and (3) interventionist policy aimed at fundamental regional economic and social reconstruction. Each of these three groupings contain differing degrees of balance between the roles of local and central actors in initiating and sustaining regional development. Each adds to our understanding of best practice in regional development and of the problems associated with intra-regional cooperation.

Community Development

In most countries, including the US, Canada and the UK, the term ‘community development’ incorporates both economic and social development, albeit with a participatory base. In Australia, the term is primarily used to refer to community capacity building through citizen participation, with the emphasis on participation. We are using the term here in the first, somewhat broader, sense. Either way, the focus is on localised communities rather than more generalised regions. Arguably the most sophisticated and empirically grounded conceptualisation of community development is community interaction theory (CIT) (Kaufman, 1959; Wilkinson, 1991; Cheers and Luloff, 2001). Starting from a definition of ‘community’ focusing on interaction between people in a given locality, CIT argues that localised communities have four components: (1) locality; (2) local society; (3) a community field; and (4) vertical ties (Cheers and Luloff, 2001).

The first component, the locality, identifies the physical space in which people live. The local society comprises the organisation of social institutions and associations in the social life of a locality. It is “a comprehensive network of associations for meeting common needs and expressing common interests ... the organization of social institutions and associations in the social life of the local population” (Wilkinson, 1991, p.27). All local societies have more or less distinct social fields through which individual actors and organisations pursue specific interests. These are defined by the interactions people engage in to pursue particular shared interests. Social fields include, for example, business development, education, sport, and health care. Social fields usually have organisational structures such as chambers of commerce, schools, clubs, and hospitals. What makes a local society a community is the existence of a community field that reflects community interaction across these special-interest fields. The community field emerges as people find common ground, its presence signifying that a broad crosscutting and generalising mechanism is at hand. In a community people express their common interests in, and commitment to, their locality through numerous interrelated actions.

"The community field ... comprises all those acts which contribute to the interests of the community as a whole by interlinking and coordinating the other social fields and harnessing their information, experience, resources, and energy for the common good." (Cheers and Luloff, 2001, p.131)

Actions taken in the community field – or community actions - facilitate dialogue, information exchange, and decision-making aimed at improving the entire community’s level of well-being. Such actions express the capacity of residents to work together for the economic, social and ecological well-being of the entire community – rather than special interests – through the development of interlinking structures and locality-oriented projects. Those that are purposive are acts of community agency or community activeness.
Organisations in the community field, such as local government and community development organisations, coordinate activity across social fields and initiate projects, such as multi-faceted tourism and business development packages, for the benefit of the entire (whole) community.

The concepts ‘local society’ and ‘community field’ refer primarily to horizontal ties, or the links between people and organisations within the locality. Just as clearly, all communities also have vertical links with people and organisations outside the locality.

According to CIT, then, community development involves strengthening the community field – the interactions, organisations and coordinating activities focused on whole-community well-being, using both horizontal and vertical ties. It comprises (1) community building, through which community activeness is increased, and (2) initiating and successfully completing projects focused on the well-being of the entire community.

Community development research, mostly from overseas, has consistently found a positive relationship between community activeness (in the sense of citizen involvement and the commitment of time and resources to community activities) and a range of desirable development outcomes, such as economic growth, higher employment and income levels, lower unemployment and successful resolution of social problems (Wilkinson, 1991; Bourke, L., Jacob, S. and Pitman, S., 1996; Luloff, 1996; Luloff, 1998; Claude, Bridger and Luloff, 1999; Cheers and Luloff, 2001). Indeed, studies indicate that economic growth is more likely to be the product of community development than its cause (e.g. Humphrey and Krannich, 1980).

It must be kept in mind that, despite popular mythology, rural communities are rarely able to develop entirely alone, since they usually lack sufficient financial and human resources. Localised community development projects usually need the input of financial and human resources from better-endowed organisations with broader spans of control. Government departments can certainly help:

“Studies from many countries have demonstrated that community development frequently needs government initiative to help kick start and maintain projects by organising, advising, and motivating local people in addition to helping them gain access to material resources.” (Cheers and Luloff, 2001, p.142)

The geographic, organisational and communication distance between central government departments and small rural communities frequently prevents such help from materialising. Regional development organisations have the potential to bridge this gap, acting as intermediaries between the centre and the periphery.

Other implications arise from this discussion for regional development organisations. A clear implication of the research noted earlier is that if regional development efforts are to maximise their impacts they need to rest on a sound base of localised community development. It follows, then, that best practice in regional development includes helping local communities to identify promising projects and to secure state support for them. Nevertheless, regional development bodies cannot expect to substitute their own efforts for local synergies and solidarities. Operating at a supra-local level (that is, encompassing a number of local communities), these bodies are not usually based in local community dynamics, initiative and participation, and hence are not well suited to the social, grassroots,
participative aspects of development. Here, locality-based community organisations and local governments have a vital role to play. The clear message from the literature, however, is that regional development efforts that fail to link up with the conditions, aspirations, needs, leaders, and structures at the community level are less effective than those that do.

**Partnerships, Networks and Systems**

This view of regions and regional development emphasises partnerships, networks and systems within and outside the region. Common threads in this literature are the need for the participation of a broad base of stakeholders in the development process, and the importance of balancing power relationships both within the region and between the region and external stakeholders. Best practice in regional development coordinates the energies of a wide range of actors in the economic and social sectors, rather than simply enlisting the support of particular regional elites. This has important political, organisational and policy implications.

Systems/network views of regional development began with 'top-down plus bottom-up' approaches to regional planning. Originating in the mid-1960s as a policy shift away from more centralist approaches, the 'top-down plus bottom-up' paradigm arose partly in response to the failure of Perroux's (1955) growth-pole theories, which tended to aggregate like industries geographically on the (often erroneous) assumption that long-term value-adding and trickle down effects of growth would flow naturally throughout the region (Malecki, 1991). The results of this approach have tended to be dismal (Malecki, 1991, 106). Steel-based Whyalla could be said to be a good example of the results of this type of thinking (Heffernan, 2001). In contrast, 'top-down plus bottom-up' approaches require inputs to planning by peripheral (local) as well as central planners. These require a broader industry and political base and more equitable power distribution among stakeholders throughout the region.

There has been extensive study of a wide range of dynamic 'network' regions, for example Silicon Valley, from various post-Fordist, flexible specialisation, and/or 'industrial park' perspectives. In its more sociological aspects, this literature is rich with exhortations for the need for network formation, vigorous intra- and intersectoral partnerships, and holistic systems approaches to leveraging the maximum benefit from the finite human, technological, economic and community resources within a region. At its most prosaic this refers to the extension of the effective capacity of regions through encouraging cooperation between players to reduce overheads and transaction costs (as in shared incubator facilities), win business (clustering), or to increase adaptability for new cooperative production. The presence of innovative R&D and technical expertise in the region is always regarded as essential. Both formal and informal linkages between components in the network are important carriers of information and learning-by-doing; hence there is a nascent literature on the sociology of interfirm linkages and networks in innovation processes. Innovation is a recurring theme throughout the literature and there is overlap between the literatures of innovation, entrepreneurship and economic development, which derives from Schumpeter (1934). Schumpeter developed a theory of the central roles of technical innovation and entrepreneurship in economic development.

The concept of a 'network' is critically reviewed in DeBresson and Amesse (1991), who make the point that a wide variety of disciplines involved in the study of innovation all place particular emphases on the meaning of what is essentially regarded as a heuristic metaphor. There are a number of other words and concepts which refer to the same phenomenon, such
as 'seamless web', 'complex web of interactions', Schumpetarian 'innovation clusters', and Perroux's 'development pole' (DeBresson & Amesse, 1991, p.364). This catholic appeal of the concept causes confusion. However there is a core of meaning which tends to be common to these various perspectives which will be taken here to suffice as characterising the use of the word 'network' when referring to an interacting set of firms or other entities within a region, namely:

... networks are more than a sum of bilateral relationships. They may start with or encompass a joint venture, but will go beyond that particular isolated project ... A network can comprise two companies at its core, but also includes their supplier networks and other firms, and a chain of linkages ... Because interactions between firms within the network are iterative and broad in content, time and space, what matters is the complete set of relationships ... (DeBresson & Amesse, 1991, p.364).

The resonances with systems theory are readily apparent; in terms of early systems theory, these authors suggest that a network can be conceived as a "loose form of an inorganic and decomposable system" (DeBresson & Amesse, 1991, p.364). Thus a logical extension of network concepts leads to a systems view of a region. Interestingly, the literature of 'ecological literacy', following Fritjof Capra (1997) and others, would view regional development as the growth of an ecological system, and is diametrically opposed to economic rationalism, which these authors see as divorced from social critique. They take their metaphors from ecosystems and state the following principles as leading to sustainability of any system (Passfield, 1998, p.2):

- Interdependence;
- Relationships;
- Multiple, non-linear feedback loops;
- Cyclical nature; and
- Diversity.

This list is strongly resonant with characteristics often asserted to be diagnostic of dynamic, innovative regions, such as those distilled in Boucke, Cantner & Hanusch's (1994) review.

Networks are structured through linkages. The structure of interorganisational linkages is complex, and, for firms, comprise formal subcontracting arrangements as well as other interfirm transactions (Malecki, 1991, p.109). An important type of linkage for regional development is the partnership. Building partnerships is a crucial strategy in the approach to rural development embraced by the European Union (Shortall and Shucksmith, 2001, p.130). In this context, local development partnerships can be said to display four key features:

- A formal organisational structure for policy making and implementation;
- Mobilisation of a coalition of interests and the commitment of a number of different partners;
- A common agenda and a multi-dimensional action programme; and
- Efforts to combat unemployment, poverty and social exclusion, and promotion of social cohesion and inclusion (Geddes, 1998, p.15).

Most of the European development partnerships studied by Geddes (1998) included the participation of the public sector. In about two-thirds of cases, national government departments, ministries or agencies were involved, while other public-sector partners included universities and training organisations. Local authorities provided an important bottom-up connection with local communities. Employers were represented in almost half of
the partnerships, and trade unions in about one-third (Geddes, 1998, pp.77-80). Geddes (1998) found that the identity of the partners in best regional development practice reflects the intermediary role of regional development organisations. The partners usually include local government from the community level, organisations such as industry/business cooperatives and training institutions from the regional level, and central government ministries from outside the region.

Successful regional development organisations, we may observe, operate at one level above the grass roots, but are more popular and accessible than central government ministries. While their scope and the ‘seriousness’ of their structure encourages top-down involvement by state authorities, they are still sufficiently local and informal to be vehicles for bottom-up initiatives.

**Interventionist policy aimed at fundamental economic and social regional reconstruction**

Community development, partnership, network and systems approaches all rest on the notion that an understanding of regions and regional development is primarily built at the local level, that is, they emphasise the level of the community or network. However in South Australia the bulk of funding and policy resources for intervening in regional economies rest centrally with the Commonwealth. Hence it is necessary to refer to the tension between centre and periphery in achieving a ‘top-down-plus-bottom-up’ consensus for development.

The decision by government to actively intervene in the economy is justified on one or more of four grounds (Mortimer, 1997):

- Market failure;
- Social policy;
- Adjustment for previous distortions; and
- Industry development, including new growth theory and enterprise improvement.

Almost by definition, regions in decline are beset by market failures and breakdowns in institutional and community cooperation. Furthermore, a substantial component of regional structural adjustment policy in the past has been aimed at correcting the results of previous policy errors (Mortimer, 1997). A vicious cycle of welfare dependency, service withdrawal, depopulation and deteriorating quality of life sets in. This cycle hampers formation of the dynamic networks and the broad participation that characterise effective regional development, and this, in turn, exacerbates the decline. Policy based on the inherent rightness of market forces is not always sympathetic to programs which can only be justified in terms of the long-term social value of a community or on the idea of market failure. Indeed, it is often observed that short-termism pervades development policy. In situations of long-term deterioration, therefore, policies limited entirely to influencing market forces in the short term — economic ‘quick fixes’, or bandaids — tend to be ineffective. In contrast, policies aiming at more fundamental economic and social reconstruction require long-term political will, along with a commitment to multi-faceted intervention both in the regional economy and in the relations between industries, businesses, organisations, government at all levels, and people through which economic transactions are made.

In the long term, grass roots approaches which require all tiers of government to consult and lead at the local level appear to be out of step with the established political structures and modes of operation. Consequently, the long-term mechanisms needed for breaking the
cycles which entrap and isolate declining regions seldom exist. The long-term involvement of multiple stakeholders with all levels of government is clearly essential for overcoming these failures, and initiatives which are capable of this, and of remaining stable, deserve the label 'best practice'. For these and other reasons it will be seen that the Upper Spencer Gulf Common Purpose Group, which is both stable and a bridge between local and central government, is a candidate for best practice.

The Role of Cooperation Between Local Authorities in Best-Practice Regional Development

Local Authorities as Instruments of Development

Local governments are arguably the cornerstone of regional development in Australia. Beer and Maude (1997) concluded that they are consistently the most central organisation in economic development in Australia, and that, overall, they have been the level of government most successful at creating stable and durable regional development organisations.

Indeed, local governments have important strengths as development agents. Almost always, they are keenly aware of local conditions and dilemmas. The fact that they are connected with local information flows and networks of influence may also be a considerable strength. Above all else, their status as elected bodies can lend legitimacy to development coalitions that would otherwise be perceived as answering only to local or external elites.

As exclusive managers of development initiatives, however, local governments are less than ideal. For instance, some respondents in Beer & Maude's (1997) study suggested that many local governments are not well placed to be lead agencies in regional development because they are insufficiently representative, lack the required professional expertise, and are too small and parochial. Furthermore, the fact that local councils are representative in the sense of being elected bodies does not mean that they provide a direct voice for each of the main stakeholders. Among the people elected to a council there may be individuals able to speak for each of the main local groups interested in development and with an influence on development outcomes, but the chances of this are not high. Another weakness, alluded to in a 1999 consultant's report to the Tasmanian West and North-West Councils (John Kleem Consulting, 1999), is local government culture. At one level, the problem here stems from bureaucratic habits; in the Tasmanian case, development functions were described as being constrained by elaborate sets of procedural rules. At another level of local government culture, local authorities are restricted as agents of development by their role as political organs; major decisions by local councils are often the outcome of a complex system of political ploy and counter-ploy through which local interests weigh up, and trade off, their likely gains and losses. As a consequence, decisions tend not to be taken quickly, and bold strategic thinking is the exception rather than the rule. At worst, local government processes can allow sectional interests to block, quite undemocratically, moves that would win wide acceptance if they were submitted to broader local forums.

As suggested by Beer and Maude (1997), local governments also frequently lack the professional expertise required to be successful development agents. Elected representatives and employed staff rarely have extensive training in the development field, and modest
funding bases mean that small councils, in particular, find it financially burdensome to hire consultants. These limitations are especially evident in relation to the policy and technological base of localities. As Malecki (1992, p.304) observed:

"Like national governments, local governments want to build upon technological innovation, but do so without the background of science policy found at the national level, and without the full complement of policy tools with which to operate (such as tax policy and capital markets)."

Local governments are generally either passive or reactive with respect to technological change. As a rule, they hear about new technologies only when diffusion is imminent or has actually begun, and they frequently learn of economic developments after investment and disinvestment have finished (Malecki, 1992, p.304). When they target new industries as vehicles for development, their choices may owe more to fashion than appropriateness. Blakely (1989, p.127) observed that "high technology, tourism, and convention centres dominate current municipal economic strategies". Similarly, local authorities are often susceptible to 'smokestack chasing', involving efforts to recruit new industries through large-scale financial concessions (Cheers and Luloff, 2001). This practice frequently attracts investors who soon leave for greener pastures because they are not suited to the locality and have no serious stake in the host economy. On the basis of such shortcomings, Curran and Blackburn (1994) concluded that locally based organisations, such as local governments and chambers of commerce, are steadily becoming less able to effect industrial and economic change within declining and delocalising industrial economies.

The most useful role of local authorities in development initiatives, we may conclude, is as members of dedicated coalitions rather than as the prime movers. In fact, the role of coalition partners is likely to suit local governments because this: enables them to keep development and local maintenance functions separate; reduces their responsibility for development failures while allowing them to take some credit for successes; protects their image as sound economic managers from the intrusions of more messy social development; and isolates them from legal and financial risk.

The Strengths of Regionalism

Not only are there powerful reasons for local authorities to 'think partnership' in their development work, but they may be well advised to channel much of their development activity through regional coalitions rather than local ones. Because of their geographic focus, local governments are clearly suited to playing a major role in localised community development initiatives. But there are many development functions, especially economic ones, which tend to fit poorly within the boundaries of a single local authority. Firstly, economic strategies are often better devised and implemented on a regional, rather than local, scale because the pooling of resources can allow local authorities to afford the expertise, technology and access to data that development requires. Secondly, encouraging businesses and industries to cluster, so as to share technological skills and achieve better access to markets and market information, will often be more practicable on a regional scale than within a specific local authority area. Thirdly, regional partnerships allow the marshalling of resources needed to meet large-scale infrastructure needs. Fourthly, regions are frequently better able than individual local authorities to attract major investment from external sources, provided that structures exist for managing potential intra-regional competition. Fifthly, advocacy on a regional basis provides more political pull with
Commonwealth and State governments. Finally, as observed by Cashin (1999) in a widely quoted US study, regional development organisations can bring together a large pool of decision-makers representing a wide cross-section of interests. This can offset the danger of sectional interests and pressure groups seizing power at the local level, resulting in the pursuit of minority interests to the detriment of the economic and social development of the region as a whole.

Purpose-built coalitions are not the only instruments that development-minded interests may set in place at the regional level. An alternative form is the ‘supercouncil’, involving the ceding by local authorities of various regulatory and development functions to a higher, regional tier of government. Cashin (1999) notes the creation of such supercouncils to cover Minneapolis-St Paul and Portland, Oregon, both of which are urban complexes in the US. Existing intermediate tiers of government, such as Regional Councils in Scotland, may also take on development functions (McQuaid, 1993).

Although supercouncils have been shown to have some strengths, they suffer from many of the same shortcomings as local government bodies. For example, cooptation by special interests may still occur. Super councils also add yet another layer of statutory bureaucracy for development practitioners, investors and markets to deal with, and can be unresponsive to changing market conditions and opportunities. Like local authorities, supercouncils face problems when they seek to integrate representatives of central government and key partner organisations into their decision-making. Legal constraints may prevent these representatives from joining in the deliberations of elected councils and many internal committees. These representatives can, however, be accorded places in purpose-built development coalitions, where their direct input to decision-making encourages the bodies they represent to make serious financial, infrastructure and human resource contributions to the development of the region involved.

The need for regional development coalitions to relate actively to central government as an important stakeholder can be accepted as a further principle of best practice. Nevertheless, central government involvement in regional development organisations inevitably gives rise to tensions that must be handled with tact and diplomacy. The now extensive research on social capital has shown that effective economic and social development is closely associated with relations characterised by familiarity, trust, mutuality, and reciprocity. Government representatives on development coalitions, however, speak for government departments that have the power to approve or deny much-needed funding. The possibility follows that the relationship between government representatives and coalitions will not be one of reciprocity, but of donor and supplicant. Governments also have particular agendas that their representatives, especially in pre-election times, may be tempted to try to impose. The point is that in regional development best practice central government is a partner, not a dominating presence. Regional development coalitions need to have an independent existence, answering to regional aspirations rather than simply carrying out government policy.

These, then, are some key best-practice principles for intra-regional cooperation in situations where local government is an important player, deriving from regional development literature. What can we learn from reviewing actual attempts at establishing such structures?
Models of Cooperation

Cooperation between local authorities is not unusual in regional development practice. In 1996, for example, there were no fewer than 52 Voluntary Regional Organisations of local government (VROCs) operating in Australia. Our concern here, however, is not so much with the number of instances in which such collaboration has been embraced, as with the scope and purpose of the activity involved.

For the most part, collaboration between local authorities, both in Australia and overseas, has been limited to improving efficiency and cutting costs in the execution of traditional local government functions. Thus, a survey of the work of Australian VROCs concluded that, with some exceptions, their "roles and functions replicate, at a regional scale, those of individual local governments" (http://www.alga.com.au/regionlink/bestprac.htm). For instance, the activities of the VROCs include joint purchasing and warehousing, joint use of equipment, and sharing experience and solutions.

In contrast, deliberately invoking collaboration between local authorities as a tool in regional development is much less common. Part of the reason is historical. As an accepted pursuit for local authorities, regional economic development started gaining legitimacy in various parts of the world from the 1970s as concepts of the 'entrepreneurial city' took over from the earlier 'managerial' paradigm (Harvey, 1989). For local governments to grasp the desirability of their collaborating on development tasks then required a further round of experiment and reflection. The result has been that a significant range of models of such collaboration has only begun to appear in the last few years.

In various countries, national circumstances and traditions have also militated against local governments setting out to collaborate on regional development tasks. In the US, for example, development efforts have often centred on government-led 'enterprise zone' schemes designed to provide economic stimulus via incentives such as tax cuts. Where more integrated programs have been tried, local government has normally been a partner, although collaboration between local authorities has often focused quite narrowly on areas such as transport. Overall, the tendency in the US has been for the private sector, rather than government at any level, to provide the initiative, leadership, and a good deal of the funding for development efforts.

In Europe, regional development has been assigned high priority by the European Commission and, in most cases, by national governments. Programs of considerable sophistication have been devised, for the most part overseen by well-resourced government apparatuses. With national government agencies paying close attention to the community aspects of development, the main nexus of ideas, power and funding has tended to be state-local, with regional elements less prominent. To the extent that local governments in Europe collaborate on regional development tasks, this collaboration is generally mediated by state development agencies, rather than through regional stakeholder organisations created for this purpose. A further peculiarity of the European context is the presence in various countries of intermediate tiers of government that assume particular regional development functions. In sum, it is quite rare for local authorities in Europe to engage in direct, structured, and extensive collaboration in regional development.

As indicated earlier, local governments are not the ideal bodies to devise and implement regional development strategies. Where the need for regional development is acute, however,
local authorities are among the first government bodies to feel the lack of effective programs. The ebbing of local tax revenues as populations decline and property values fall places a range of local authority operations in peril. With their ties to local small business, local governments come under strong political pressure to do something to raise stagnant or declining profits. Especially if a response from national or provincial governments is absent or inadequate, the result has often been to make local authorities especially prominent among the bodies calling for structured development programs.

Among local governments in Australia, a sense of neglect by higher levels of administration is particularly widespread. At federal level, the interest shown in regional development has been inconsistent. From 1994, the Keating Labour Government made a significant rhetorical commitment to support for the regions. In 1996 this position was reversed by the new coalition government, which argued that regional development was properly the concern of the states. At no time has federal funding available for regional development exceeded that provided by state and local governments (Beer and Maude, 1997).

Australian state governments, meanwhile, have only modest funding resources, and in two of the states where the need for regional development is most acute – Tasmania and South Australia – chronic near-recession has meant that the possibility of using state-derived revenue sources to fund development is especially slender. The most serious financial commitment has arguably been made in Western Australia, where the Regional Development Commissions receive over $1 million in State funding per year. In contrast, South Australia’s Regional Development Boards receive a maximum of $150,000 per year from the State Government, which is a much smaller sum in per capita terms (Beer and Maude, 1997). But even in Western Australia, as Duff and Tonts (2000) remark, the level of State funding for regional development does not allow the Commissions to take a proactive approach; instead, they simply encourage, facilitate and monitor development. Unlike the US, Australia has little tradition of business philanthropy to make up for the dearth of material resources. For instance, Beer and Maude found in their 1997 survey that local industry provides significant support for economic development agencies.

Local governments in depressed areas of Australia thus have a strong incentive to take up the tasks of economic and social development themselves. With neighbouring local authorities facing many of the same dilemmas, joint action is an idea that, at a certain point, must force itself on even the most parochial of local administrations. But for local councils to carry on intensive, structured collaboration is not easy. As well as having to cope with unfamiliar tasks, local governments that embark on this course may have to overcome traditional rivalries with neighbouring bodies. Launching regional development efforts comes at a definite cost, and, at least in the short term, a good deal of what is spent must be paid for from elsewhere in the regional economy. Councils must also surmount the fear (and sometimes the definite prospect) that even if costs are equally shared, the benefits of development will be concentrated in particular geographic centres within the region. Finally, local governments that set out to collaborate on regional development face the problem that while they need to harness local energies to build partnerships with a pronounced bottom-up element, they generally do so in regions without a strong culture of community development.

In seeking instances of local authority collaboration in regional development against which to test the model of the CPG, we encountered the problem that the CPG appears to be a unique example of collaboration by local governments in a stakeholder coalition seeking to turn around the economy of a region characterised by insular, historically competing...
industrial cities. Even setting more relaxed criteria and searching for regional development organisations that rest on joint initiatives by two or more local government bodies, and which have a deliberately structured, far-reaching character, we found only a few examples. Consequently, in selecting models for summary here, we were compelled to include a range of examples whose kinship with the CPG is rather distant. The next section will thus provide brief descriptions of eight regional development bodies and programs that involve local authority collaboration and which, if not closely comparable to the CPG, exemplify particular development practices. We then proceed to examine, at somewhat greater length, regional development efforts in the Hunter Valley region of New South Wales. Although quite remote from the experience of the Upper Spencer Gulf, the record of regional development in the Hunter Valley encapsulates numerous general lessons and principles that have influenced development practitioners in Australia – including, as will be seen in Chapter 3, the CPG founders.

On the basis of these case studies and the foregoing review of related regional development literature, we then identify: (1) some common principles of best-practice cooperation involving local authorities for the purpose of regional development; and (2) dimensions that can be used to describe models of such collaboration. In Chapter 4 these dimensions are used to describe the CPG model. In Chapter 5 we present the process KPIs generated from the data and the more generic principles identified in the present chapter, and review the CPG as a candidate for best practice.

1. The French ‘Contrats de Ville’

The genius of the French for bureaucracy is expressed in an elaborate system of administration involving no fewer than four levels of authority: the national government; the regions; the departments; and the communes. The latter generally have populations of no more than a few tens of thousands, meaning that even modest-sized provincial centres have multiple communes within their boundaries. The urban crisis of recent decades has required the devolution to the communes of considerable decision-making power.

The problem remains, however, of warding off what Cashin (1999) in another context has described as the ‘tyranny of the favoured quarter’. In other words, short of a comprehensive re-centralisation of power (not at present a favoured option) how can more prosperous communes, with more developed social facilities, be induced to share their resources in joint initiatives with poorer ones? The solution that has been developed, and which by the mid-1990s had become a central mechanism of French urban policy, rests on so-called Contrats de Ville.

These ‘contracts’ involve developing collaboration between national, regional and local government bodies. As Le Gales and Mawson (1995) report, central government provides the incentive of finance and policy influence in return for city-wide strategies involving all communes to reduce social exclusion.

The contracts focus only on urban deprivation, and address it through a wide-ranging strategy that also encompasses urban planning, housing, transportation, social services, culture, education and training. They thus encompass both economic and social development. Normally, 50% of the funding comes from the central budget, and the rest from the three tiers of regional and local government. Planning is overseen by the prefect, and involves extensive and relatively open discussion between government departments,
local authorities and other key participants. Implementation, on the other hand, is overseen jointly by representatives of the central government and local authorities.

As a result of the contracts, some of the rigidities of official departmentalism have been broken down, and delivery of public services in depressed areas has reportedly improved. Reports also indicate that horizontal partnerships of local actors have formed at the regional level. On the whole, however, the system operates within the structures of government to improve their functioning, so that any development of broader synergies appears almost accidental. The *contrats de ville* thus provides an example of a top-down regional development initiative that provides a framework for collaboration between local government bodies, but which does not encourage community involvement or activity on any broad scale. In a national setting where regional development is strongly legitimised and quite generously funded, this may be enough to secure results; the Australian context, however, is sharply different with respect to both factors.

2. The Western Australian Regional Development Commissions

The model of regional development heavily mediated by central government is not altogether foreign to Australia. The Regional Development Commissions that have operated in Western Australia since the 1980s are well-established examples of this type. Largely set up by the State government, the nine Commissions remain closely integrated into government structures. Their boards are appointed by the responsible minister, and are headed by a Director who is a State public servant. Other board members include nominees of local government authorities in the region.

The Commissions benefit from having relatively direct lines of input into policy formation at the State level. Along with two local government representatives and a ministerial appointee, the Directors of the Commissions make up the Regional Development Council, which meets quarterly. As well as advising the minister on policy matters, the Council has a brief to encourage collaboration between government agencies on regional issues.

Government funding for the Commissions is reasonably generous, sufficient to maintain staffs of 10 to 12 people and hire experts to prepare detailed studies. While the main activity of the Commissions is industry and enterprise development, they are also involved in social and community development, education, health, housing, infrastructure planning, tourism, employment programs, and regional promotion and advocacy (Beer and Maude, 1997).

Strengths of the Western Australian system include a high level of perceived legitimacy. This reflects the commitment made to the system by the State Government, the involvement of community representatives, including elected local councillors, and the range of the Commissions’ activities. However, the system may also have shortcomings. Some of the Commissions cover dozens of local government areas, which is arguably too broad a geographical spread to promote the idea of collaboration between local authorities in more than a general and formal way. This factor also militates against the Commissions being especially responsive to economic opportunities and community development proposals in particular localities.

Furthermore, the fact that the Commissions are statutory government bodies may well make them less than ideal tools for encouraging a dense network of small- to medium-business partnerships. At any rate, this regional development function has mainly been performed
outside the structures of the Commissions, in a network of Business Enterprise Centres. Providing advice and assistance to small businesses, these bodies depend on local support. Finally, the State Government funding available to the Commissions, though generous by Australian standards, confines them essentially to research and advisory roles. Grassroots bodies still depend on scarce local resources and hard-to-get project support to fund their initiatives.

3. The SEED Group in Northern Ireland

Even where regional development tasks are already being carried out with relatively generous central government funding, local authorities can still benefit from extensive collaboration. An example of such an initiative is the South East Economic Development (SEED) Group in Northern Ireland.

The six District Councils that make up the SEED Group are located in a prime agricultural region, and have a combined population of 366,000. When the first steps toward the formation of the Group were taken in 2000, collaboration between local authorities in the region already had an impressive history, encompassing small-business development, employment and training, services to the community, environment, history and heritage, and rural tourism. However, the need to create employment for large numbers of school leavers convinced local leaders that a common strategic focus was required to market the region on a scale and with a level of professionalism that were beyond the reach of individual district authorities. Experience of lobbying the British and European authorities had also taught local leaders that a certain critical mass was desirable if submissions were to be successful.

The focus of the SEED Group is quite strictly economic, with the District Councils collaborating to improve the region’s performance through initiatives under three banners: business development, improving the skills base through education and training, and furthering the development of agriculture. The realm of community development is considered to be local in nature, and hence better dealt with by individual communities and District Councils. At this local level, impressive initiatives are already in operation. For example, rural development, with its stress on integrated fostering of rural community well-being, has been pursued for some time by Local Action Groups under the European LEADER program. Even within the economic field, functions such as retail sales and local services that are mainly local in nature remain outside of the SEED Group’s purview.

Perhaps surprisingly, considering their commitment to a common focus and a range of priority tasks, the SEED Group councils have not moved to set up a dedicated regional apparatus. As foreseen in the Group’s initial documentation, the delivery mechanisms are either ‘special agents’ – that is, contractors – or individual councils that take responsibility for leading particular initiatives. Nor do these documents identify a need to coordinate bidding for inward investment. Where investment projects are mooted, the councils will continue to compete with one another for them, rather than uniting behind the candidate collectively believed to have the best case.

The picture that emerges of the SEED Group is of a regional development alliance that was forged in circumstances that were by no means dire and where the penalties for stopping short of creating structures that are unequivocally lean and mean have not been prohibitive. Partly because of the benign European Union climate, but also, no doubt, because their relatively large populations allow the District Councils significant economies of scale, the
Councils have felt no compulsion to cede important elements of authority to a purpose-built economic development agency. Whether appropriate to its context or not, the SEED Group model represents a 'good-times option' that provides only the most general lessons for regions in which every shred of potential advantage has to be grasped.

4. The Tasmanian Cradle Coast Authority

Regions under threat undoubtedly include some of those in rural Tasmania. The Tasmanian State Government has not set up a purpose-built structure to coordinate local economic development and, with its resources straitened, confines itself to making modest grants to existing initiatives. Meanwhile, local government bodies in the State are small and have few funds available for tasks such as strategic planning and advocacy. Cooperation between local authorities to carry out these functions therefore has compelling advantages.

West-North-West Tasmania, with a population in the mid-1990s of about 110,000, is divided into nine local government areas. In 1997 the prospect of compulsory amalgamation helped prompt the councils to set up a Joint Authority with a focus on operational obligations and service delivery. One of the effects of this formalised joint work was to convince the councils to expand the model of cooperation to address the region's acute need for economic development.

In July 1999 a consultant's report (John Kleem Consulting, 1999) was sharply critical of the Joint Authority, arguing that it did not represent a true partnership of regional interests. Further grounds for criticism were found in the bureaucratisation of the Authority's structures and operations, which were said to reflect those of local government. The report observed that the Joint Authority had been "organisationally symbiotic" with the local councils and embodied their culture. In place of the Authority, the consultant argued for a new body to be "structured and operated at arm's length from the councils, a total departure from the existing model". Operating "according to strict business criteria", this body needed to be "free of influences from any single council and responsible for the setting of its own priorities and the allocation of its own resources". With its actions subject to little more than general periodic review by the local councils, the new organisation was to take over their decision-making powers in significant areas, exercising "the capacity for making decisions in delegated areas that are binding on member councils". Within the new body, the CEO would "have extensive delegated powers".

Reworked along these lines, and with a change of name, the Cradle Coast Authority was re-launched in March 2000. Its eight-person board included only two representatives of the participating councils and one representative of the council general managers; other members represented the education and training sector, agriculture, tourism, and other local business. An Interim Operational Statement (Cradle Coast Authority, 2000) foresaw a focus on four areas of activity: economic development, tourism, regional service delivery, and advocacy. Research on the region was to identify "gaps, opportunities and synergies for existing and new developments". Meanwhile, a regional action plan was to be drawn up, with a ranking of priorities. In the area of advocacy, the goal was "to secure and apply a united voice when sourcing available funding". The councils clearly hoped that more forceful lobbying by a joint regional body would enhance the flow of resources from outside, and especially from the State and Commonwealth governments.
As projected in the consultant’s report, only about $125,000 of a suggested annual budget of $675,000 for the Cradle Coast Authority would come from the councils. Other important sources of funds would be tourist authorities and self-generated “fee for service (regulatory services)” income (John Kleem Consulting, 1999). Economic development contributions by the State and Commonwealth governments would provide a relatively minor $100,000. Even if achieved, the projected funding would still be barely half that provided by the Western Australian Government for its Regional Development Commissions, which serve comparable populations. The sum of $300,000 allotted for staff would, however, provide a certain ability to hire expert professionals.

Barely two years since the Cradle Coast Authority was established, it is still too early to reach firm conclusions about its effectiveness. General observations can be made, however, about the likely strengths and shortcomings of a model designed, as the Interim Operational Statement puts it, to “work like a business” (Cradle Coast Authority, 2000).

Rising above the parochialism of small-town politics, the Authority is likely to be able to identify potential avenues for development more effectively than would an organisation in which local government is the dominant presence. Speaking the language of investors, the Authority’s personnel may well argue impressively for them to invest money in the development of Tasmania’s West-North-West.

The fact remains, however, that regional development, and even regional economic development, is not solely, or even primarily, a matter of spreadsheets and bottom lines. Potentially, at least, the Authority’s aim of operating “according to strict business criteria” could conflict with other stated goals and create problems in legitimising its operations among regional residents. There remains the possibility, regardless of how slight, that residents could gain the impression that powers have been ceded by the councils only to be handed over to regional business interests.

Even if these pitfalls are averted, the Authority’s strategy is sharply at odds with the now-orthodox view that regional development is expedited, at the very least, by the existence of a flourishing lower tier of community activism. Despite being a bottom-up initiative in relation to State and Commonwealth Government structures, the Authority runs the risks inherent in a failure to energise and motivate its own social and business network base. A near-exclusive business mindset could place sharp limits on the Authority’s ability to draw into activity local people whose motives are altruistic, not commercial. Even with its avowed economic focus, the Authority may find it difficult to harness the established networks and modes of operating among businesses and related organisations such as chambers of commerce. In sum, a more integrated and socially embedded conception of development might well yield better results.

5. The Irish LEADER Program

As indicated earlier, regional development in the European Union has been assigned a degree of importance – and provided with a volume of funding – that is almost unimaginable in Australia. In Europe, rural (including small-town) development programs have reached a high degree of sophistication. As described by Duff and Tonts (2000, p.301), the focus in European rural development is “not simply on increased productivity and competitiveness in agriculture, but rather on the viability of rural life more broadly defined”. The key to this viability is seen to lie in social cohesion, which has become a primary goal of policy-making.
In this context, the relationship between rural development and agricultural productivity is regarded as quite marginal. Markets by themselves, it is held, cannot reduce social inequalities between regions, and are more likely to increase them (Duff and Tonts, 2000, p.306).

As an example of these trends in European regional development thinking, we examine the application of the LEADER initiative (the name is an acronym for Liaison Entr’Actions de Développement de l’Economie Rurale) in rural Ireland. LEADER has operated in various forms on a Europe-wide basis since the mid-1990s. The program has sought to provide jobs and promote social cohesion by funding local community groups and other public or private bodies whose work contributes to local rural development. It is founded on the belief that success will be greatest if the focus is on encouraging and developing local initiatives. Allied to this approach has been a stress on fostering partnership with, and between, community groups, including local government bodies. Together, the European Union and the particular participating member state usually contribute 50 per cent of the funding for projects, with community, local government or private sources making up the remainder.

In Ireland, the LEADER initiative is integrated into the national government’s Local Development Program. Thirty-four Local Action Groups (LAGs) have been set up, with their boards including representatives of statutory bodies such as state agencies and local authorities, community groups and voluntary associations, and social partners such as trade union, employer and farming organisations. LAGs function largely as channels for grant aid to local small businesses and community self-help organisations, which apply for funds for specific projects. The scale of assistance is generally modest, with grants of as little as 250 euros (Duff and Tonts, p.310).

The funding for community groups generally shows a strong bias toward animation (activating and energising communities) and community capacity building. According to Duff and Tonts (2000), the impact has been to help retain or develop small and medium enterprises that have provided jobs and preserved the fabric of small communities. The same authors believe that it is innovations such as these that have acted to stem rural decline rather than advances in the agricultural sector, which, as it becomes more productive, tends to employ fewer people and to be less integrated into the patterns of local life.

In drawing broader lessons from these experiences, it is important to keep in mind the relatively large scale of the outside resources devoted to economic and social development in the Irish countryside. Total funding for LEADER projects in Ireland over the five years from 1995 to 1999 was an impressive 203 million euros (Duff and Tonts, 2000, p.310). We also need to take into account the European Union’s Common Agricultural Policy, which has been estimated to increase the real incomes of Irish farmers by as much as 40%. Nevertheless, the goals of the LEADER program of fostering partnerships and optimising the conditions for local innovations, including those of a community, rather than an economic, nature can be taken as representing valid best-practice principles.

Also notable is the success claimed for the LAG practice of providing small but carefully targeted grants in relatively large numbers. This would appear to have considerable multiplier effects, helping to fuel a cycle involving micro-entrepreneurship, community cohesion, and a culture of self-help. Even where the total funds available for development purposes are much smaller than in Ireland, this experience suggests, using them in this fashion may have especially positive effects.
Large regional income differences, combined with historically slow economic growth, have prompted the Labour-Alliance coalition government in New Zealand to launch an ambitious regional development scheme, the Regional Partnerships Programme. The calculation is that relatively generous grant funding, combined with strong encouragement for local stakeholders to educate themselves in regional development, devise strategies, and formulate projects, will revivify the economies of the country's regional areas. A sum of NZ$332 million has been allocated for the Programme over three years.

As one of its key vehicles, the Government has sought to promote the activity of the Economic Development Association of New Zealand (EDANZ), which unites local and regional development agencies. After government prodding, as many as 85% of local authorities in New Zealand are now associated with economic development entities on one level or another. Wide latitude has been allowed to development agencies in deciding how their work should be structured; e.g. participants in the Regional Partnerships Programme are able to decide for themselves what constitutes their region. The role that the government hopes local and regional development agencies will perform was suggested in a speech delivered to EDANZ members in March 2001 by the Minister for Economic Development and Minister for Industry and Regional Development, Jim Anderton:

"I encourage you to see yourselves as the primary link between local government, business and other sectors in our communities ... You are well placed to fulfil this role because of the strong relationships that you have with business networks, such as chambers of commerce. You will need to share your knowledge and expertise in local economic development with all levels of government." (http://www.industrynz.govt.nz/news/media/2001/1315_edanz_speech.html).

The goals that EDANZ has set itself include developing a policy framework for the future of economic development, developing and managing collaborative programs, and developing education, training and professional development opportunities for economic development staff (http://www.edanz.org.nz/what_we_do/body_what_we_do.html). In turn, the central government rules on grants of up to NZ$2 million for major regional initiatives, and finances smaller projects, especially those that focus on drawing up strategies, building expertise, and developing local partnerships. Project criteria emphasise the number of jobs likely to be created, and the projects must be integrated into a broad-based regional development strategy involving consultation with community interest groups.

While formulating and implementing projects under the Regional Partnerships Programme clearly involves a good deal of joint work between local authorities, the model has the peculiarity that much of this collaboration is carried out in an indirect, even circuitous, manner. The primary contacts and discussions, the literature suggests, are not between local authorities as such, but between the local economic development groups in which local government is a key partner. The national body EDANZ further mediates cooperation between these groups.

The impact of local government culture is thus attenuated, and working contacts are likely to be between people who have a degree of understanding of regional economic development. Expert oversight and help are also available from EDANZ. However, to the extent that projects are devised and implemented at some remove from elected local authorities, they are
at risk of suffering from problems of legitimisation, as outlined earlier in this chapter. The requirement of consultation provides an avenue for local insights, information and enthusiasm to be communicated, but there is rather little in the Regional Partnerships Programme to address the need for a culture of self-help as the community foundation for economic development. One senses this lack in Anderton’s plaint: “We can’t help communities if they are not organised enough to do anything with the help” (cited in Light, 2000).

Nevertheless, the Programme has impressive features. With top-down leadership through both the NZ government and EDANZ, obvious central government commitment, and considerable funding, it also makes room, and provides strong encouragement, for bottom-up elements of local initiative. Meanwhile, regional actors have broad freedom to decide which forms their partnerships will adopt. This provides the opportunity for the resulting structures to be flexible and well attuned to local needs.

7. The Coventry and Warwickshire Partnerships

An example of a relatively mature joint development initiative by local authorities is the Coventry and Warwickshire Partnerships (CWP) program. As part of Britain’s largest manufacturing region in the West Midlands of England, Coventry and Warwickshire suffered from the national restructuring of manufacturing in the 1980s. To help lead the process of regeneration, CWP was created in 1994 as a company limited by guarantee, with a board including a strong cohort of local government councillors. Although a significant culture of local economic development already existed in the area, CWP represented the first instance of local organisations involved in the work committing themselves to cooperation on a wide range of economic and training issues (http://www.cwp.org.uk/home.htm and related sites, accessed February 2002).

Member organisations of CWP include all the region’s seven local authorities plus the Warwickshire County Council. Over the years, increasing numbers of other organisations have joined. The total has now reached more than 60, including numerous manufacturing and service firms, voluntary and community organisations, Coventry University, and a number of Further Education Colleges.

As its central aims, CWP lists developing a shared vision for the economic future, translating this vision into a strategy that strengthens the economy of the area through agreed programs of action, undertaking or participating in economic development projects, and reducing disadvantage by tackling unemployment and poverty. Other elements in its program include improving collaborative mechanisms in the region, advocacy, and operating within the broader economic development apparatus to ensure consistency between the subregional and regional economic strategies. Since 1999, Coventry and Warwickshire has been part of the area of activity of Advantage West Midlands, one of nine Regional Development Agencies now set up in England on the initiative of the central government.

The role played by CWP is considerably broader than simply expediting and coordinating the work of other organisations. It includes playing an active role in project implementation. CWP has taken responsibility for tens of millions of pounds’ worth of public and private investment in projects under the Single Regeneration Budget, which combines various lines of government funding to support initiatives by local partnerships addressing social exclusion. The projects managed by CWP are largely at the community end of the
development spectrum. For instance, the CWP website notes as its objects “community safety, town centre improvements, business development, unemployment training, and nursery provision”. This indicates that while the overall rationale of CWP is centred on economic development, the partnership leaders see mitigating social disadvantage, improving life chances, and building local solidarities as integral to this goal.

Isolating the impacts of a program such as CWP from more general social and economic shifts is, of course, difficult, even when the program, as in this case, has been functioning for some eight years. Nevertheless, several pointers indicate that CWP has had positive effects. The program reportedly continues to draw strong support from communities and businesses in the area it serves, as well as from central government bodies. It was recently asked by four successful Single Regeneration Budget programs to take responsibility for their management. Since the early 1990s social indicators in the West Midlands Region, of which Coventry and Warwickshire makes up an important part, have improved dramatically, with unemployment dropping from around 12% to less than 6%. These outcomes suggest the potential of a model characterised by: a mix of top-down and bottom-up elements, the presence of a significant community development component, general professionalism, and sufficient funding to make a real impact in the communities where it operates.

8. The South Australian Regional Development Boards

Many regional development initiatives in Australia (and notably the Cradle Coast Authority in Tasmania) qualify as attempts to stimulate economic growth using scant resources (Beer and Maude, 1997). We will focus here on the example provided by the Regional Development Boards in South Australia. Apart from its intrinsic interest, this discussion will help to outline the immediate context in which the CPG operates.

Along with Tasmania, South Australia appears to be something of an economic castaway if its growth figures, along with data for unemployment, population and other social indicators, are compared with those for other Australian states (Blandy, 2002). Non-metropolitan regions of the State are divided sharply into those that have benefited from growth in the wine industry and a few other profitable export pursuits, and those that have not.

At the state level, SA development policy has a tradition of spending considerable sums on “smokestack chasing”, or seeking to attract or retain industrial investment through business incentives (Beer and Maude, 1997). No doubt at least partly as a result of this strategy, the funding available from State sources for regional economic and community development has been modest compared with other states and overseas experience. Commonwealth project funding is neither large-scale nor especially accessible. The result is that, although per capita income levels in SA are similar to those in the English Midlands, the resources available to development practitioners are only a fraction of those provided in, for example, the CWP program.

Despite this, SA has a clear, articulated local economic development framework (Beer and Maude, 1997). The SA Department of Industry and Trade (DIT) provides financial support to 14 RDBs (the names are different in some places). Except in the case of the two metropolitan Boards, the Department supplies the RDBs with $3 for every $1 raised locally, up to a maximum of $150,000 (Beer and Maude, 1997). The Department may also fund Board projects judged to have strategic importance. In addition, the Department provides
practical help and advice to the Boards, with departmental regional development managers regularly attending Board meetings.

For the most part, the RDBs are small organisations with only a handful of employees. Unlike state government-supported regional development bodies in other states, they are formally autonomous, appointing all their own staff, including CEOs. As a result, they display key features of bottom-up organisations at the same time as playing an established role in implementing state government policy. The RDBs are not, however, community organisations in the sense of drawing to a marked degree on popular participation. Their linkages to the wider community proceed mainly through local government, with which they have particularly close ties. In most cases, the RDBs cover multiple council areas and work to promote partnership between local authorities in activities related to economic development. The Whyalla Economic Development Board (WEDB), which is a member of the CPG, is an exception.

With only very basic funding and staffing, the RDBs are limited to acting as facilitators of development rather than developers in their own right. Within their regions, they promote and coordinate self-help initiatives, using their familiarity with potential sources of support to steer development practitioners toward financial and technical assistance. As a point of liaison between the State Government and local business, they provide a shopfront in their regions for SA Government business development initiatives. Many are also involved in implementing Commonwealth Government programs.

As reported by Beer and Maude (1997), people working in the area of local economic development in South Australia generally see the framework provided by the RDBs as effective and appropriate. The RDBs have the advantage of relatively long-term funding (five-year grants from the SA Government) and fairly extensive support from local councils. As a result, they can engage in meaningful strategic planning. Nevertheless, a common complaint is that the resources available to the Boards are inadequate (Beer and Maude, 1997).

As a choice in conditions of adversity, the structures and methods of operating employed by the RDBs are arguably quite defensible. However, the more or less exclusive focus on economic development means that community development tasks in the broader sense, with their implications for the success of regional economic initiatives, tend to be addressed only where local authorities and community groups have taken them up outside the RDB framework.

9. Regional Development in the Hunter Valley Region of NSW

The Hunter Valley in New South Wales has been described as the best positioned of all Australia’s regions to move forward (Professor Graeme Larcombe, cited in Mills, 2001c). With a population of 570,000, it has a developed and diversified economic base that includes a wide range of manufacturing and service industries, major coal mining, electrical generating and metals-refining installations, and an unusually prosperous agriculture. Newcastle, the main urban centre, is located only some two hours’ travel from the Sydney metropolitan area, which provides Australia’s largest and wealthiest market.

Even a comparatively well-off region has ample reason to research its options and plan its development. In the case of the Hunter, a special inducement has been the fact that many of
the region's manufacturing industries are mature, with limited prospects for further expansion and with workforces that are dwindling as innovation focuses on cutting labour costs. From 26% in 1971, the proportion of regional employment supplied by manufacturing fell to 13% in 1997 (Hunter Economic Development Corporation (HEDC), 1997). In some cases, traditional industries have gone into drastic decline. The once-prominent Hunter textile industry, for example, now scarcely exists. From a historical peak of 12,000, employment in BHP's Newcastle steel-making operations fell to 1900 by September 1999, at which point the company shut down its Mayfield steel plant and laid off the remaining workers. The decline of manufacturing employment, at least in proportional terms, has helped keep jobless levels both in Newcastle and the Hunter Region above New South Wales (NSW) and national averages. In 1997, when the announcement that BHP's steel-making was to end focused regional attention on the need for a planned and concerted development effort, regional unemployment stood at 11.3% (Hunter Economic Development Corporation, 1997). Development programs in the Hunter have had to try to generate alternative employment for thousands of laid-off manufacturing workers, many of them with limited or redundant skills.

On an institutional level, the development picture in the Hunter region is notable for its large number of participating organisations. Originating in past initiatives by the private sector and by the NSW and Commonwealth Governments, some of these bodies appear to duplicate one another's functions. Of the purpose-built development bodies, the longest established and arguably most authoritative is the HEDC, set up in 1989. The HEDC has a 13-member board appointed by the NSW Government and consisting of business and trade union leaders, local government delegates, and a State Government representative. The Corporation acts as a peak body, advising the NSW Government on strategic economic issues in the Hunter region. It is also an integral partner in major projects such as the Port of Newcastle and Newcastle Airport, coordinates public and private initiatives to promote economic development, and oversees business support programs through the Regional Manager of the NSW Department of State and Regional Development. Much of the HEDC's activity is channelled through its taskforce program, which coordinates 16 taskforces on various industry sectors. These groups research their sectors, promote leadership, attempt to establish projects, and lobby government and the private sector to optimise the investment environment.

A Commonwealth-initiated counterpart to the HEDC is the Hunter Regional Development Organisation (HURDO), formed in 1994 under the then federal Labour government's Regional Development Program. HURDO's mission is described as being "to facilitate balanced, sustainable economic development ... through the formulation, implementation and maintenance of a coordinated economic strategy". (http://www.hedc.nsw.gov.au/hurdo/strategy/hurdo.htm). Collaboration between local governments in the region is the purview of the Hunter Region Organisation of Councils (HROC), which unites 13 local authorities. With a staff of six, HROC is mainly concerned with improving liaison between local governments and acting as a clearing-house for best practice in the performance of core local authority functions. However, HROC also has development functions, including identifying funding sources for projects and providing management expertise for specific project teams.

The Hunter Development Board is an independent organisation that describes its aim as being to facilitate the balanced development of the Hunter Region. Its primary activities are to furnish advice to government, participate in environmental discussion groups, draw up
labour market programs, and provide consulting services to industry. The Hunter Area Consultative Committee, funded by the Commonwealth Government, works to expedite federal support for projects in areas such as employment generation, community development, and training. During 2001 it planned to disburse more than $2 million from a range of Commonwealth programs.

In 1997 the news that BHP was to shut down its steelworks spurred the formation of the Common Purpose Group. Described as a “consortium of stakeholders for the business, trade union and regional development community”, the Common Purpose Group sought to “demonstrate a united regional front on employment issues, and to “combine the resources of ... the region to create new economic opportunities” (http://council.labor.net.au/annual reports/1998/annrep_1998-Emie.html, accessed 16th April, 2002). The group was slated to wind down its activity in 1999.

As well as designated development organisations, the Hunter Region also possesses a number of special-purpose bodies that have significant impacts on its economic performance. The Hunter Export Centre arose in 1995 from a taskforce established by the Newcastle Regional Chamber of Commerce and Industry. With a private sector board, it enjoys sponsorship from approximately 60 bodies, including the NSW Department of State and Regional Development. Working closely with AusTrade, the Hunter Export Centre assists small and medium enterprises with potential to trade in international markets. The Hunter Valley Research Foundation is an independent body established as far back as 1956. With a vigorous sponsorship program and pro rata funding from the NSW Government, it provides a broad range of contract research services for business, local authorities, and government agencies.

The diversity of development-oriented organisations in the Hunter Valley has not prevented strategic thinking and, where necessary, collaboration. The jolt provided in 1997 by the announcement that the steelworks was to close prompted establishment of the Hunter Advantage Fund. With capital of $10 million from the NSW Government, a further $10 million from the Commonwealth Government, and $5 million from BHP, by 2000 the Fund had offered assistance to some 30 companies, with the creation of well over a thousand jobs. Simultaneously, a joint team from the region’s development bodies was devising the Hunter Advantage Economic Development Strategy. Launched by Premier Bob Carr in Newcastle in May 2000, the strategy aimed at creating 5000 extra jobs by 2002, identifying no fewer than 23 industry clusters for concerted promotion. As well as concentrating on networking and the targeting of new investment, the strategy also pays close attention to quality of life issues.

In line with the Hunter Advantage Strategy, the Newcastle City Council has drawn up its own local development plan. The Economic Development Strategy for the City of Newcastle aims to “focus community, business and government energies to maximise the job and investment generating potential of a sustainable Newcastle” (http://www.ncc.nsw.gov.au/council/strategies/econdenvt/, accessed 14th April 2002). The Council’s projections recognise the need for Newcastle to diversify away from its industrial heritage, while maintaining viable primary and secondary sectors. To achieve this, the city’s workforce needs to be further trained and re-equipped. Various elements of the strategy stress the need for delivering customer-oriented, outcome-driven works and services, for forging and strengthening partnerships, including industry clusters, and for “developing social capital and a high quality of life (including environmental quality)". 
The development efforts in the Hunter have allowed the region to participate in the continuing boom of the broader Sydney conurbation. Employment levels recovered rapidly following the steelworks closure in 1999; as early as July 2000, Newcastle Mayor John Tate was able to remark that the 1900 BHP employees laid off appeared to have been absorbed into the workforce. According to HEDC Chairperson, Allan Pattison, the number of new jobs created in the Hunter in the year to January 2000 was up by 20% (Tucker, 2001c). The manufacturing sector showed vitality, with 3600 new jobs in the year to August 2000 (Pattison, 2000). By this time, the traditional dependence of the Hunter Region on manufacturing was becoming a thing of the past, with the percentage of workers employed in the sector resembling that for NSW as a whole (Pattison, 2000). Employment in hotels and other tourist businesses was growing impressively; in August 2001 the Newcastle Herald reported that the Hunter had become "NSW's most popular regional destination with 2.1 million visitors a year, with wine-and-gourmet lifestyle registered as the fastest growing tourist attraction in NSW" (Mills, 2001b). In the 18 months from the beginning of 2000, the HEDC helped facilitate 800 new call centre jobs (Carr, 2001). An important structural gain for the regional economy was a marked expansion of the information technology industry, with a report in April 2001 describing a cluster of more than 150 businesses deriving their income solely from information technology (Mills, 2001a). Uptake of the Internet in the Hunter region was above the national average.

With its well-developed educational resources, the Hunter is making progress in upskilling its workforce. Compared with 1991, the number of people in the region counted as professionals had already almost doubled by 1997, while unskilled labourers had declined by one-third (HEDC, 1997). Gains have been registered in the struggle against unemployment, with the regional figure declining from 10.2% in May 1998 to 7.5% in May 2000. But large numbers of the new jobs have been part-time, and unemployment in the Hunter region has remained well above the levels for NSW and Australia (Doherty, 2000). In mid-2001 the federal seat of Newcastle ranked 144th out of 150 federal electorates on an employment scale, with a jobless rate of 12.9% (Tucker, 2001a). The Hunter has not shed its character as a region of low skills and inferior earnings; early in 2001 the Hunter Valley Research Foundation reported that the region still had more manual and lower-skilled workers than the Australian average, with a corresponding lag in incomes (Tucker, 2001b). In particular areas, social distress was amongst the worst in urban Australia. According to a report in July 2001, the Newcastle suburb of Windale had an unemployment rate of 34% and a poverty level of 18.5%, close to twice the national average (Tucker, 2001c).

**Principles of Intra-Regional Cooperation in Regional Development**

The three objectives of this chapter were to:

1. Critically review case studies from Australia and overseas of intra-regional cooperation involving two or more local governments that are comparable with the CPG;
2. Identify dimensions that can be used to describe and compare models of intra-regional cooperation; and
3. Identify generic principles of best practice in intra-regional cooperation in regional development.
Descriptive Dimensions

A number of dimensions have been identified through the foregoing analysis. These are combined with additional dimensions identified in the presentation of the history and functioning of the CPG in Chapter 3 to produce the 17 dimensions identified in Table 4.1 (pp.48-49). These are presented in Chapter 4 rather than here because they are used in that chapter to describe the CPG model. As will be seen in Chapter 5, most of these also double as best-practice indicators.

Best-practice Principles

The foregoing analysis indicates that effective intra-regional cooperation for regional development involves:

1. Recognition of the complexity and interrelatedness of regional economic and social development issues;
2. Dual focus on issues of investment and production as well as the social networks and relations in which these are embedded;
3. Broad involvement of stakeholders across sectors within the region;
4. Involvement of all tiers of government;
5. Engagement of intra-regional, extra-regional and government stakeholders with each other;
6. Communication and interchange between diverse sectors, which creates links between the development of ideas and initiatives originating from stakeholders;
7. Relating top-down leadership to bottom-up participation;
8. A broad and stable political base to offset domination by particular interest groups;
9. Cooperation between local authorities as members of dedicated coalitions, rather than as the prime movers of regional development;
10. Regionally based development;
11. Differentiation, and rationalised interaction, between regional and community layers in development;
12. Central governments acting as partners, not as a dominating presence;
13. Adequate and predictable funding, independent of electoral cycles, which provides for stability and effective planning;
14. Multi-track dialogues and feedback between the cooperative regional development organisation and industry, community partners and government;
15. Insulation of cooperative regional development organisations from excessive bureaucracy;
16. Realistic appraisal of regional capabilities, technology cycles, and competition;
17. Access to expert advisors and best practice knowledge; and
18. Helping local communities to identify promising projects and secure investment and funding for them.

These principles are combined with the process KPIs identified in this study (Chapter 5) to inform the review of the CPG as an example of best practice conducted in Chapter 5.

This study now moves to a detailed analysis of the establishment and subsequent development of the CPG to the present time. In Chapter 3 we analyse interview and workshop data obtained from members and stakeholders together with documents, including existing reports, CPG meeting minutes, project documentation and workshop notes, to describe the various components of the CPG.
Chapter 3

The Upper Spencer Gulf Common Purpose Group
"The Common Purpose Group was formed basically to bring the three cities together – not to promote individual cities or projects, but to promote the region." (Participant)

"One of our aims is to eventually have the Upper Spencer Gulf acknowledged as a region that has a competitive edge." (Participant)

Background and Formation

The 1990s were characterised by the rediscovery of an awareness of locality and region that had been largely submerged within national and global perspectives over the previous decade. The dominant culture and policy frameworks had been nationally oriented. However, during the 1990s there occurred a growth in regional awareness that generated a renewed focus on regional issues. By the end of the decade a formal and informal regional agenda had been identified as a priority issue for all tiers of government.

Various uncoordinated attempts had been made within the Upper Spencer Gulf region to strengthen local and regional economies. Generally these were in the form of short-term financial support for new, under-capitalised, start-up projects. Little or no emphasis had been placed on supporting or developing existing local industries. No regional priorities were agreed upon, and few coordinated strategies were developed. Always the hope was for a new ‘white knight’ project to come charging into the region to rescue the declining local economy. However, most attempts had failed to significantly enhance the fundamental competitiveness of the Upper Spencer Gulf economy.

Stage 1: Confronting Reality

In 1997, the South Australian Centre for Economic Studies was commissioned by the Provincial Cities Association to undertake a study of the state of the economies of South Australia’s regional cities. The subsequent report (1998) concluded that the Upper Spencer Gulf cities were performing poorly compared with other provincial cities in the state. The study generated data relating to various socio-economic measures, including population, unemployment, economic growth, household income, and welfare dependency. These data demonstrated a trend of decline in population and employment, which had been evident in the region since the 1970s. Significantly, the report provided no evidence to indicate that the trend would be reversed in the absence of a coordinated, focused and significant local response. Never before had the challenges confronting this region been so clearly documented.

Early discussions on the establishment of an overarching, strategically focused organisation for the region centred on the best way to encourage economic development in a region identified as experiencing significant and long-term economic decline. As well as creating the new organisation, the proponents of a common purpose group agreed that changes were required in the ways in which local and regional economic development business was done. The challenge the CPG faced – as a group of previously disparate organisations – was how best to link emerging opportunities and established activities with the new structure and processes.

Despite nationally improved levels of economic activity in the resources sector, and a low Australian dollar that generally favoured exporters, the region’s two major export industries
— steel and zinc — struggled to maintain or achieve economic viability. The challenge facing this new body was the need to generate more strategic approaches to begin to address significant problems of industrial decline, and to diversify in ways that offered a more rewarding future long term.

**Stage 2: The Newcastle Link**

In March 1998 a delegation funded by the Whyalla City Council, the Whyalla Economic Development Board, and the Whyalla Campus of the University of South Australia visited Newcastle, NSW. The delegation’s task was to discuss with business and community leaders the processes by which their community had successfully planned for the impact of a recent announcement by BHP that the Newcastle steelworks would be closed and that thousands of workers would lose their jobs. Although Whyalla and Newcastle shared a common major employer in BHP, there were substantial differences in their recent economic history and future possibilities. Whyalla had experienced a major decline in employment and associated economic and social indicators, and these trends were expected to continue. The future of BHP’s steel mill was in doubt, and no replacement employment opportunities had been identified. In contrast, Newcastle had experienced a 5% growth in employment in the period 1991-1997, together with a decline in unemployment rates (Harvey, Hughes & Tyler, 1998, p.4). The delegation’s report also noted:

"The two regions are however linked in a more fundamental way following BHP’s restructure last year (1997). Newcastle’s rod and bar mills will from 1999 be a major customer of Whyalla’s operations. Therefore the health of the Newcastle operations from next year (1999) is critical to the prosperity of Whyalla." (ibid., p.4).

The delegation reported on some of the implications for Whyalla arising from these planned changes within the then BHP. (BHP’s Whyalla Steelworks were floated off as the separate company OneSteel in 2000, and there are still some links between Whyalla and Newcastle in steel products). Of greater significance to the wider Upper Spencer Gulf Region was the delegation’s assessment of the central role played by the ‘Newcastle Beyond 2000 Common Purpose Group’. They described what they referred to as ‘the Hunter approach’ (Harvey et al, 1998, pp.6-10).

The Hunter Approach became a major influence on the structure, processes, and directions of the embryonic Upper Spencer Gulf Common Purpose Group. A second delegation, this time comprising representatives of the CPG stakeholders, was sent to Newcastle to inspect at first hand what their issues were and how they were addressing them, and to evaluate the appropriateness of the Hunter model to the CPG.

On its return, the delegation proposed that the initial emphasis should be placed on alliance building. In the Hunter, these links included alliances between BHP, the unions, the Hunter Economic Development Commission (a counterpart organisation to the three Upper Spencer Gulf Economic Development Boards), and State and local government. In the Upper Spencer Gulf alliances were forged between the major industrial businesses, the regional office of the Trades and Labour Council, the three Economic Development Boards, the three local authorities, and State and Commonwealth Government agencies. Later, the CPG adopted the Hunter model of establishing industry-based clusters, and of developing a promotional strategy for regional investment.
The earlier Whyalla-generated report had placed considerable emphasis on the central role the University of Newcastle had played in the Hunter approach. The authors stated:

"It is our view that without the intellectual horsepower provided by the University, much of the progress could not have been achieved." (Harvey, et al, p.10)

One of the first decisions of the CPG was to expand its membership to include the leaders of the two local higher education institutions, the University of South Australia’s Whyalla Campus and the Spencer Institute of Technical and Further Education.

Stage 3: Central Government Involvement

State and Commonwealth Governments have played a variety of roles throughout the establishment phase and the ongoing development of both the CPG and the Upper Spencer Gulf Implementation Team (USGIT). During the establishment phase, the South Australian Government demonstrated its awareness of the economic and political realities confronting the Upper Spencer Gulf region. Its involvement ranged from support for the initial proposal for a regionally based economic development group from the then Minister for Industry and Trade, Ian Evans, to the active involvement of a senior government officer who at this time was an Executive Member of the Australasian Rail Corporation, a Northern Territory and SA Government entity managing the Adelaide to Darwin Rail Project. The focus of the State Government’s involvement during the establishment phase was to use the CPG as a lobbying tool to attract attention to the region so that other State and Commonwealth funding agencies would not overlook it. Perceived stakeholder-clients were initially identified as being the three cities through their local councils and RDBs, local businesses, and the State and Commonwealth Governments.

The SA Department of Industry and Trade (DIT) maintained an ongoing involvement both directly through the funding of strategic positions, and indirectly via the watching brief and advice it gave through its ‘in-attendance’ status at CPG meetings. DIT funded the position of Enterprise Development Officer for the CPG using funds from its Partners in Rail organisation, and also paid for executive and administrative support through the allocation of a graduate economist to the CPG. DIT was also the driving force behind the establishment of the USGIT, which was chaired initially by a senior DIT officer.

Commonwealth Government agencies also played significant roles in the establishment and development of the CPG. AusTrade initiated and part-funded a position of Export Development Officer within the CPG, and Invest Australia funded a very detailed study that documented investment opportunities across the region.

The funding provided to support the Enterprise Development Officer and Export Manager positions was significant for a number of reasons. Firstly, these positions were created as officers of the CPG who were able to identify gaps in regional enterprises and to develop and deliver programs to close them. Secondly, each was to become a key player in regional development in the Upper Spencer Gulf. Importantly, each officer was located in the region. They contributed significantly to many of the most positive aspects of regional development that were generated under the auspices of the CPG. They enhanced local business capacity and capability and became key players as drivers of the CPG’s vision. Finally, they were comparatively well resourced and were able to bring programs to the region for the benefit of
the RDBs as well as the CPG. These two positions are described in greater detail in a later section of this report.

More recently, the Olsen State Government, through DIT, viewed the CPG as a potential conduit for South Australian access to the enormous development possibilities taking place in and around Darwin as the Timor Gap gas fields are developed. At the time of writing, a Memorandum of Understanding (MOU) between the CPG and the City of Palmerston, NT, is being developed with the express purpose of facilitating the uptake of business opportunities by Upper Spencer Gulf enterprises. Recent changes in government in both the Northern Territory (NT) and SA have changed some of the initial conceptualisation of this arrangement, and a workshop for CPG members has been planned to consider these new arrangements and their impact on the operation of this MOU.

Stage 4: Formation

The CPG was formed in December 1998 by the City Councils and RDBs of Port Augusta, Port Pirie and Whyalla. Following its establishment, the CPG actively considered ways in which it could make more strategic interventions and attract and secure investments to improve the impact of regional economic development initiatives in the region. The following account of the CPG covers the period up to March 2002 because that is when this report was compiled.

The CPG

Structure

In November 2000 the CPG was incorporated under the Associations Incorporations Act 1985. Significantly, its constitution stipulated that membership would be by position rather than person. The membership brought together the major stakeholders in regional development activities in the three cities: the three City Councils, the three Regional Development Boards, the two higher education organisations, the Chambers of Commerce and the unions. One significant omission from membership was a representative of the Commonwealth Government-funded Flinders Regional Area Consultative Committee (FRACC), although FRACC has observer status at CPG meetings and is a member of the Upper Spencer Gulf Implementation Team (USGIT).

At the same time, the SA Government established a Regional Development Taskforce to review aspects of regional development policy and strategy. One recommendation arising from this review was the establishment of a group of senior officers from the three levels of government to drive forward initiatives aimed at developing the economic base of the region. This group, the Upper Spencer Gulf Implementation Team (USGIT), assumed the role of implementing the strategies developed by the CPG. The USGIT's membership comprises the CEOs of the three councils and the CEOs of the three RDBs, together with representatives of FRACC, the SA Department of Industry and Trade, AusTrade, and Invest Australia. The last two of these bodies are Commonwealth Government agencies. A senior officer from DIT chaired the USGIT during its formative period.
Strategic Plan

The CPG has adopted a mission statement and has developed a strategic plan outlining the key strategies, which, alongside those of other economic development agencies within the region, are intended to change the structure of the regional economy and achieve the CPG's objectives. The mission is to "identify, develop and implement strategies that will turn around the Upper Spencer Gulf economy by the year 2010" (Upper Spencer Gulf Common Purpose Group, 2001). The primary objective is to "establish a competitive advantage for the Upper Spencer Gulf as an attractive location for new investment" (Upper Spencer Gulf Common Purpose Group, 2001). Other objectives are:

- To improve/create international competitiveness of the region;
- To diversify/increase industry and employment in the region;
- To increase public and private sector investment in the region; and
- To enhance public sector agency impact on the region (Upper Spencer Gulf Common Purpose Group, 2001).

From the outset, the CPG was determined to focus attention on monitoring progress toward achieving its objectives. Key strategies identified in the Strategic Plan were supported by detailed action plans, with the members of USGIT given responsibility for ensuring that the actions are implemented. Progress toward achieving these accountabilities was, and continues to be, reported formally and regularly to each CPG meeting.

Below is a summary of Strategic Plan objectives and their associated strategies:

**Primary Objective: Creation of a Competitive Advantage**
- Regional positioning
- Integration of development controls and planning approval processes
- Regional industrial relations initiatives
- Reduce business input costs

**Objective: Improved International Competitiveness**
- Industry cluster development
- Industry research and development
- Promote import replacement/export culture
- Targeted education and training

**Objective: Diversify Industry and Jobs**
- Regional promotion
- Upgrade industry infrastructure
- Encourage development of IT&T sector in the region

**Objective: Enhance Public Sector Impact**
- Gain government commitment to the CPG Strategic Plan
- Negotiate pre-commitment on existing program expenditure
- Coordinate Commonwealth and SA Government agency initiatives
- Encourage Government to locate services in the region
One immediate advantage gained from the processes embedded in the strategic plan was that these predetermined strategies enabled the CPG to support projects on the basis of their fit with its strategic directions. This was in contrast with the previous situation when local politics had frequently been the main driver. CPG support for a project allowed it to be considered on the basis of its commercial value, not the politics. Potential investors and central government funding agencies were thereby freed from having to consider the parochialisms that had underpinned previous local economic development initiatives.

It should also be noted that the three local RDBs have been retained. The CPG and USGIT structure places no restrictions on the activities of the individual Boards. They have continued to pursue specific projects and attract investment and economic development freely. The existence of these Boards helps to maintain a level of 'reasonable competition' between the three cities. At the same time, the CPG has taken a collective view that what is good for one city is also good for the other two. Consequently, it has supported attracting a potential industry to one city in the belief that this is the most feasible place for it to be located. In this way, the CPG's Strategic Plan identifies CPG priorities and objectives, thereby enabling EDBs to pursue local initiatives largely free from political interference by the others.

Critical Success Factors

The CPG Strategic Plan was posited on four clearly articulated 'critical success factors'. These were identified in the earlier discussions with members of the Newcastle Common Purpose Group as being critical to their success. Once adopted by the CPG, these success factors underpinned the operations and strategic directions of the Group and the USGIT. Firstly, the most obvious factor was the resolve of all members to commit themselves to a shared vision for the region. Animosities between cities, councils, and individuals were to be shelved in pursuit of a new collective concept of the common good. Secondly, the planning process produced a sound and realistic strategic plan that had the full support and endorsement of Commonwealth, SA and local governments and their relevant agencies. Thirdly, support from, and involvement of, the leaders in education, industry, and the business and industry sectors within the region was solicited and gained. This commitment was embedded in, and through, the membership of the CPG and in the formal documentation required for incorporation. As noted earlier, membership of the CPG is a function of position in a stakeholder organisation, rather than as an individual. Finally, it was asserted from the outset that a critical factor in the success or failure of the CPG was the provision of adequate resources for implementation of the Strategic Plan.

Initiatives

Appointment of an Enterprise Development Officer and an Export Development Manager

The first major initiatives of the CPG were the appointment of an Export Development Manager, partly funded by AusTrade, and an Enterprise Development Officer funded by DIT. These two officers have been the only direct employees of the CPG. The fact that each has been funded by an external agency is, in itself, a significant indication of the limited independent resources the CPG has had for its operations. Both these officers set about identifying gaps in business capability and capacity, and developing programs to fill these gaps.
Initially, the Enterprise Development Officer conducted a series of opportunity-analysis workshops, which were designed to improve the capability and capacity of businesses that had registered an interest with Partners in Rail in obtaining work on the Adelaide to Darwin railway. A ‘Rail Ready Fund’ was created by Partners in Rail to subsidise companies participating in enterprise improvement activities. The focus tended to be on small local companies that had traditionally been reliant on a single large company. These small enterprises were encouraged to look outside the region for work. The then proposed railway provided an ideal testing ground for their competitiveness. Part of the process adopted was to work with these enterprises side by side to develop an awareness of the ground rules for gaining work via competitive tendering processes.

The Enterprise Development Officer generated a checklist of criteria for enterprises to assess their competitiveness. Items on this checklist covered the basic prerequisites for industry tenders: capability, quality, occupational health and safety, and project management. Gaps were identified and businesses were required to commit 50% funding to tackle the gaps this process had found in their operations. The strength of this program was that it produced an increased level of awareness of the fact that, as good as these firms thought they were internally, they would not be considered so by others in the new, competitive environment they were about to enter. The winning of work based on past performance had carried them through with their single clients, but to chase work outside the region or with another party would place new demands and performance pressures on these enterprises.

Similarly, the Export Manager worked on a one-on-one basis with small and medium enterprises, supporting them with advice and assistance to help them become export ready. Working within AusTrade’s Tradestart and Export Access program guidelines, he was able to prepare some more mature ventures for entry into the exporting business, and to increase local community awareness of the importance of exporting and the opportunities available through it.

These new ways of thinking and approaching issues of regional development formed the base of the programs brought into the region, and also set a new agenda for the CPG. The early experiences have been transferred to the CPG’s strategic planning so that the activities of the Enterprise Development Officer and the Export Manager are now integrated into the CPG’s Strategic Plan. Two immediate, positive outcomes can be noted. One is the success of some local companies in winning contracts for work on the railway, either by themselves or as joint partners. The success of local partnerships is partly a direct outcome of work by the Enterprise Development Officer, who has focused on maximising the benefits of the collaboration, trust, pre-existing networks and social capital amongst businesses in the region. The other outcome has been the broader vision that is now being demonstrated by some of the local enterprises with respect to their engagement in projects external to the region.

Making a Case: Investment Potential in the Upper Spencer Gulf

Invest Australia, the country’s national investment agency, was commissioned by the USGIT to provide advice on investment opportunities in the Upper Spencer Gulf. The resulting report, *Making a Case: Investment Potential in the Upper Spencer Gulf* (Invest Australia, 2000), was presented to the CPG in June 2000. The report identified some specific investment opportunities in the region and provided a basis for community input to the development of a comprehensive regional strategy. The report is divided into three main
sections. Section 1 provides overviews of the three cities. Section 2 provides details of a raft of investment attraction strategies in industries identified as having investment potential. Industries examined include defense and aerospace, education and training, fisheries and aquaculture, health services, resource processing, tourism and transport, and services. Section 3 identifies a possible way forward for broader strategic planning. The report forms the basis of ongoing discussions between the USGIT, individual RDBs, and Invest Australia concerning possible investment opportunities in the Upper Spencer Gulf.

Resources Industry Cluster

Single industry towns such as Port Pirie and Whyalla tend to experience the effects of changes in their local industry more severely than those with a more diverse economic base. It is not uncommon under these circumstances for planners to suggest diversification of the industrial base of the town as a solution to the problems caused by this excessive reliance on a single industry.

In contrast, a major initiative of the CPG has been the development of an industry cluster based on the main mature industry in the region – resource processing. The Upper Spencer Gulf Cluster of Suppliers to the Resources Sector (the ‘Resources Sector Cluster’) grew out of an investigative study funded by the DIT and undertaken by Dr Tony O’Malley. Dr O’Malley is a private consultant and an active member of the South Australian-based Business Vision 2010, a major driver of industry clustering across the State. His study (O’Malley, 2000) examined a number of options and proposed the formation of a cluster based on the provision of services to the resource processing industry sector. As such, his proposal ran contrary to the industry diversification ‘solution’, and attempted to capitalise on the accumulated knowledge and networks residing amongst small and medium suppliers to the existing regional resource processors to form a solid base to facilitate entry into global markets.

Funding for the establishment phase of the Resources Sector Cluster was secured from a range of government and local industry sources. The Commonwealth Regional Assistance Program and South Australian Business Vision 2010, together with a group of South Australian public and private sector enterprises, provided half the funds. Local businesses provided about 20%, and the CPG and DIT shared the balance of the funding (Eastick and O’Malley, 2000, p.7).

The objective of the cluster was to create dialogue between resource sector suppliers and customers with the intention of demonstrating the potential benefits of working together on some projects. The process employed was to arrange three regional forums. The first forum was held at the University of South Australia’s Whyalla Campus in November 2000. The aim was to bring all the companies together to develop an understanding of why they should collaborate with companies from within the region, and to have them commit themselves to becoming members of teams aimed at developing actions to assist them with the collaboration process. Over 50 people attended. Senior executives from the international resource processing industry gave presentations on maintenance and construction trends in the resources industry. Participants also reviewed a situation report on local businesses and discussed components of a vision for the region.

At the end of the forum five teams comprising 6-10 people were formed to progress the five key actions identified during the forum. These were workplace training, enterprise
improvement, developing a capabilities database, building local trust and global alliances, and developing market intelligence. Their purpose was to strengthen collaboration and to facilitate cluster networking with the expressed intention of developing a competitive advantage as suppliers to the resources sector. Participants evaluated the forum very highly (Eastick and O'Malley, 2000, p.8).

The second forum was held at the Spencer Institute of TAFE in Port Pirie in February 2001. Teams formed at the earlier forum reported on progress they had made in developing initiatives generated at Forum 1. Initiatives described included an on-line capability database, a skill improvement program, a program to retain more graduates, a market intelligence program, and a collaborative approach to developing proposals for contracts in the resources sector. Participants also agreed on a vision and a platform of collaborative initiatives for implementation.

The third forum was held in Port Augusta in May 2001 and was designed to finalise plans for the cluster to become an operating entity. Action Team leaders spent time between Forum 2 and Forum 3 developing a proposal that formed the basis of the discussion. Key elements of their proposal included a structure for a Cluster Board, a Code of Practice for cluster members, and suggestions about Board membership. It was agreed that Board membership would comprise representatives of the CPG, Spencer Institute of TAFE, the University of South Australia, and small businesses within the cluster, as well as large and small suppliers together with the four co-chairs of the cluster. During the evening nominations were called for and a vote was taken for the cluster member positions. (Upper Spencer Gulf Common Purpose Group Annual Report, 2001, p.7)

The Third Regional Forum also provided an opportunity for regional businesses to have face-to-face meetings with senior managers from ten key resources industry customers. These informal meetings enabled an exchange of information about procurement processes and possible future opportunities for USG businesses (Eastick and O'Malley, 2000, p.10).

The Cluster is now an incorporated body and is moving to develop processes and strategies to ensure the sustainability of these initiatives. The Board has begun to focus on the structure and procedures for bid teams. Processes are in place for gathering and disseminating market intelligence, controlling intellectual property, delivering cluster training, supporting enterprise improvement, and developing the capabilities database. Board members have undertaken Director’s Training and the formal and informal networking modelled at the three forums appears to be continuing. The paper by Eastick and O’Malley (2000, p.11) clearly summarises the major issues confronting the Cluster Board:

"Maintaining momentum depends on the Board. The Board will need an executive officer to administer and grow the membership and events of the cluster."

"The key steps for the future will be the development and documentation of procedures and protocols, and implementation of a training initiative to implement these procedures."

"The cluster will test procedures in maintenance projects involving all members of the cluster in due course. The procedures will become the intellectual property of the cluster, and members will gain access to this information."

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The Upper Spencer Gulf Website

The Upper Spencer Gulf website, www.upperspencergulf.com, was launched in 2001 and was a direct response to an identified need for a common website for the delivery of programs under the CPG's Enterprise Improvement Program. There were two options available: either to hang the program delivery site off an existing RDB site, or to create a dedicated CPG site. Direct association with an RDB would have given the incorrect impression that the programs were being delivered by that Board, so it was decided to set up and brand a CPG site.

Funding for the dedicated CPG site was provided by the DIT Rail Ready Fund, and web designers were employed to create a site that would facilitate access to information about existing CPG activities and accommodate additional programs the CPG might undertake in the future. The website has four main sections that provide information on the three major projects: enterprise improvement, the Resource Sector Cluster Group and the export program, together with a section on the CPG itself. A ‘frequently asked questions’ page supports this latter section.

NT Expo

In July 2001, the CPG sponsored a delegation of 14 businesses in the region to attend the NT Expo held in Darwin. The Mayors of Port Augusta and Port Pirie, and officers of DIT, the CPG, and the RDBs also participated. The NT Exposition is an important event in promoting the goods and services of key suppliers to the markets of Northern Australia and the Asia-Pacific Region.

The main objective of the trade delegation was to establish relationships with NT companies, with aims of fostering collaboration between the two regions and maximising the opportunity for Spencer Gulf companies to access work on major projects under development in Northern Australia and the Asia-Pacific region. A comprehensive exhibit was mounted and was awarded the Best Interstate Exhibit prize. Delegates also participated in a networking forum and a number of other trade promotion activities during the Expo.

Memorandum of Understanding Between the USG and the City of Palmerston, NT

One significant outcome of the trade delegation to the NT Expo has been the proposal for a MOU between the Upper Spencer Gulf and the City of Palmerston, NT. Progress has been slowed by recent changes in the Governments of both the NT and SA.

In October 2001 a workshop was held in Port Augusta to bring together key officers of the relevant local governments with officers of the RDBs to explore the potential of a cooperative arrangement between the Palmerston City Council and the three cities of the Upper Spencer Gulf. Matters discussed included strategies to promote and develop alliances, possible initial projects, a Draft Action Plan, and a Draft MOU document. The CEO of the City of Palmerston and representatives of Rail to Asia were also present. It was recognised that there are advantages in entering into cooperative initiatives that are mutually beneficial to local communities in both areas, and that the Draft MOU should incorporate these sentiments. Outcomes of this workshop were reported to the November 2001 meeting of the Common Purpose Group. (At the time of writing this section of the Report, March 2002, no further developments have been reported).
In this chapter we have described the context, formation, development, structures, processes and initiatives of the CPG up to March 2002. This review provides data for the rest of this report. In Chapter 4 we conceptualise the model that has been adopted by the CPG, in some respects intentionally, and frequently simply because it made good sense at the time.
Chapter 4

The Common Purpose Group Model
In Chapter 2, we reviewed nine examples of intra-regional cooperation involving local government that are comparable to the CPG. These cover a wide spectrum of organisational and functional arrangements. In the present chapter, we identify the dimensions that differentiate these cases, then, using these, we describe the CPG model. As will be seen in Chapter 5, although these dimensions were developed initially as descriptive tools most are also key process performance indicators because of their normative quality.

Dimensions

The organisational structures reviewed in Chapter 2 differ according to the dimensions identified in Table 4.1. These dimensions have been generated from that review and our analysis of the CPG. They relate to (1) the organisation and its relationships with its intra- and extra-regional environments, and (2) the degree to which the organisation is embedded in social networks and relations, again both within, and extending outside of, the region. Due to the inseparability of organisational structures and market-oriented transactions on the one hand, and the social networks and relations through which these transactions operate on the other, there is substantial overlap between the two groupings. (To enhance readability the term ‘regional development organisation’ (RDO) is used to refer to these organisational structures.)

Table 4.1: Descriptive dimensions for models of intra-regional cooperation

<table>
<thead>
<tr>
<th>Organisational Factors</th>
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<tbody>
<tr>
<td>1. Regional size. The size of the region and its population.</td>
</tr>
<tr>
<td>2. Context. The context in which the RDO is conceived and established.</td>
</tr>
<tr>
<td>3. Structural formality. The extent to which the RDO has a formal organisational structure (e.g. a government department or registered company) or operates less formally (e.g. an open coordinating committee).</td>
</tr>
<tr>
<td>4. Funding — amount, sources and security (e.g. duration).</td>
</tr>
<tr>
<td>5. Regional/local focus. The extent to which the RDO focuses on the region as a whole or local communities.</td>
</tr>
<tr>
<td>6. Market/network mindset. The extent to which the RDO focuses on networking and engagement on the one hand, or market transactions on the other.</td>
</tr>
<tr>
<td>7. Sector focus. The relative extent to which the RDO focuses on various sectors, such as economic growth, community and social development (e.g. social cohesion, community capacity building, health and human services), or employment, education and training.</td>
</tr>
<tr>
<td>8. Roles. The relative extent to which the RDO emphasises various possible roles, such as the following.</td>
</tr>
<tr>
<td>• Partnership development within the region - between local authorities, businesses, employers, trade unions, community organisations, and educational institutions.</td>
</tr>
<tr>
<td>• Linking the region with its environment (e.g. central government, investors, markets, educational institutions).</td>
</tr>
<tr>
<td>• Project management and implementation.</td>
</tr>
<tr>
<td>• Funding localised, community-based projects, either directly or through mediating central government funding for them.</td>
</tr>
<tr>
<td>• Increasing government efficiency (especially local government).</td>
</tr>
<tr>
<td>• Research — including accessing, and providing access for other regionally based organisations to information (e.g. economic and social demographic databases, investment and market opportunities).</td>
</tr>
<tr>
<td>• Advising local businesses, local authorities, and/or community organisations.</td>
</tr>
<tr>
<td>• Regional planning (mostly economic, but sometimes social as well).</td>
</tr>
</tbody>
</table>
Table 4.1: Descriptive dimensions for models of intra-regional cooperation (Contd.)

- Providing a shopfront for the region – marketing, attracting investment, and locating markets.
- Representing the region to government and external organisations through advocacy and lobbying.

9. Intra-regional partnership development. The extent to which the RDO emphasises establishing, facilitating, and maintaining partnerships throughout the region (between, e.g., businesses and peak business organisations, industries, local authorities, education/training institutions, and unions). This can involve a number of roles including the following.
- Facilitating the development of shared agendas.
- Facilitating communication and information flows.
- Mediating intra-regional relationships.
- Creating new partnerships.
- Mobilising existing partnerships.
- Managing competing local interests for the purpose of regional development (e.g. encouraging local authorities to support each other to attract projects and investment into the region).

10. Stakeholder representation in management structures. There are two questions here: (1) who participates and (2) the range of stakeholders represented. A number of stakeholders were represented directly in the structures reviewed in Chapter 2: local government; other levels of government; education/training institutions; trade unions; employers (either directly or through peak organisations); and community organisations. There was substantial variation amongst these with respect to who is represented and the range of stakeholder representation. For instance, while some involved most of these groups, others only involved a small handful of stakeholders, such as local and central governments.

11. Locus of initiative. The extent to which the establishment and development of the RDO and its activities are driven by intra-regional stakeholders or those outside the region, especially central government.

12. Operational autonomy. The extent to which the RDO determines its own focus, priorities, projects, and activities.

13. Locus of control. The extent to which the RDO is controlled by regional agendas, local community agendas, or those of external organisations (e.g. central government and industry). The review in Chapter 2 showed that control could be exercised in a variety of ways, e.g., through structural control (when the RDO is, or is virtually, a government department), functional control (control over priorities, programs and activities), funding, and informal politics.

14. Locus of intra-regional power. Which stakeholders within the region have most influence over the RDO (e.g. local government or industry), and the relative extent to which power is shared through multi-stakeholder cooperation or is concentrated in particular regional power blocs.

Social Embeddedness

15. Network capability. The extent to which the RDO is linked with regional networks - e.g. businesses, local authorities, community groups, and power brokers.

16. Legitimacy. The extent to which regionally based and external stakeholders view the RDO as a key player in regional development.

17. Social, technological, and intellectual capital.
- **Social capital** - the extent to which relationships amongst stakeholders, both within and related to the RDO, are characterised by goodwill, trust, mutuality, reciprocity, and social cohesiveness.
- **Technological capital.** Access to technology and information, including equipment, databases, scientific information, etc. This also includes the extent to which multi-track dialogues and feedback exist between the RDO and industry, government and community partners.
- **Intellectual capital.** Access to professional expertise.
Confirmation

One of the advantages of a multi-method design is that it allows cross-validation across methods and data sets. The foregoing dimensions were generated from case studies. The researchers then cross-validated these through interrogation of secondary data (documentation relating to the CPG) and primary data (interviews). Those that doubled as process KPIs (4-17) (see Chapter 5) were also validated against workshop data. None of these dimensions were contradicted by any of the other data sets. Neither were any additional descriptive dimensions found, although the workshop generated further KPIs. Dimensions 1-5, 7, 9-13 and 15-17 were strongly supported, although various workshop participants frequently expressed them in different terms. Dimensions 2, 6, 8, and 14 were less directly evident although not contradicted. This lack of direct evidence may have been because these refer to a level of functioning that is not easy to conceive or overtly discuss in the 'positive tension' of the internal CPG environment (including the workshop). For example, overt discussion about offsetting special interest domination could be confronting and destabilising, which is not so say that a broad base nonetheless assists in achieving this balance. All dimensions can either be said to be (tacitly) in evidence in the CPG design and functioning or are seen as overtly desirable by CPG members.

We are confident, then, that these dimensions are useful for describing and comparing models of organisational arrangements established to facilitate intra-regional cooperation. However, some, such as 8, 9 and 17, will require detailed, qualitative explication for the more complex sub-dimensions.

The Common Purpose Group Model

Organisational Factors

1. Regional size

The Upper Spencer Gulf has a smaller population than those covered by the other models reviewed in Chapter 2. The region has a total population of 40,000 compared, for example, with 110,000 in the Tasmania project and 366,000 in the SEED Group in Northern Ireland. In keeping with conditions in most of rural Australia, it covers a large geographic area. However, given that there is relatively little industry activity in the cities' immediate hinterlands, in effect the CPG encompasses the relatively confined geographic areas of the three cities. The three cities are industrially homogeneous and reasonably socially homogeneous, although Port Augusta has a relatively large Aboriginal population.

A relatively small population, well-defined geographic boundaries, and homogeneity probably make it easier to focus on common needs throughout the entire region rather than having to respond to diverse economic, industrial, and social circumstances. The size of each city is in keeping with the size of communities typically addressed by community development literature. Consequently, it is theoretically possible for the CPG to link with local networks and engage in community development as well as regional development.
2. **Context**

The CPG model is inseparable from the context in which the Group was conceived and established. It is important to understand this context because this affects the model's transferability to other places. It is, of course, most easily transferable to similar contexts and would need to be modified for those that are significantly different. The issue of transferability is discussed in Chapter 6.

The CPG was conceived in an environment that presented a serious economic threat to the region, but also had significant economic strengths, substantial similarities between the three cities, a shared understanding of the problem, a shared vision for the future, and the potential for intra-regional cooperation.

The threat to the cities' long-term survival was described in Chapter 1. By virtually all indicators, the region, and the three cities within it, were on a serious downward economic and demographic spiral. Yet, a number of key stakeholders within and outside the region believed that there were a number of economic strengths, which were quickly incorporated into a shared understanding of both the problem and possible solutions. For instance, all the cities are suited to large industrial projects, especially relating to resource extraction and processing, by their location, existing infrastructure, and technical expertise. But each city also has particular strengths to contribute to development of the region as a whole. For example, Port Augusta has a power plant that is arguably the best in the State, and the city is strategically located for development of the tourist, transportation, and defence industries. Port Pirie has sound infrastructure (e.g. relating to gas) and a good port. And Whyalla has an excellent port with deep-water access, good heavy engineering facilities, and a well-developed tertiary education sector. Nevertheless, despite these strengths, each city had developed what one participant called "an inward-looking culture – they had the expertise but were fast running out of local opportunities".

In addition to deteriorating economies and significant economic strengths, the cities share a number of other similarities. Although they are some distance apart, they share the same geographic location and are linked by excellent roads. At least by rural Australian standards, travel between them is quick and easy. Industrially, each has developed around resource extraction/processing and heavy manufacturing, and has generated significant infrastructure and technical expertise relating to these industries. This common history means that they also share an industrial culture – in the words of one participant, "in business, they speak the same language". Their shared history also means that they would share potential markets and investment sources. Furthermore, because of the stark reality of their economic situations they had developed a similar understanding of the problems confronting them, which included the belief that they had to cooperate, rather than compete, with each other. Because the economic situation was obvious and undeniable, so, too, was the vision – to turn the economic indicators around by 2010. This gave the cities a common, unifying purpose to which the CPG gave a name, a form, and a shopfront.

Despite their similarities, the cities also share a history of inter-city rivalry for investment opportunities and major projects, which CPG members realised had contributed to the economic deterioration. Rather than pool their resources for the betterment of the region as a whole and each of its cities, this competition had constrained each city's market positioning.
What wasn’t so apparent at the outset, however, but quickly became clear, was the good potential for partnerships among the key stakeholders in the region. Once they realised that they had no choice but to cooperate with each other, the determination to do so was strong. According to a central government official, his distinct impression at the time was that “they had an appetite to work together”.

Why was this determination so strong given the history of rivalry? Firstly, stakeholders within the region realised that they had to work together because of the economic reality and because the rivalry had been a factor in the economic deterioration. Secondly, all the major players – from elected officials to regional development professionals - were in jobs that required them to contribute to the economic success of their particular city. This meant that the aims of the CPG overlapped considerably with those of stakeholders’ employing organisations. So, success for the CPG meant success for their organisations. Thirdly, each of the key players – initially local government, the RDBs, and State and Commonwealth officials – had decided that economic turnaround would only come from local ownership, initiative, and direction. They had come to this view through desperation and disappointment with previous externally imposed attempts at solutions. Arguably, though, the tough, self-reliant aspects of the culture that had grown up around heavy resource and manufacturing industries in a remote location also contributed to this sentiment.

There were other reasons for the good potential for cooperation at the time the CPG was established. Firstly, the considerable overlap between members’ CPG involvement and their jobs meant that cooperative networks and interaction around the latter overlapped considerably with those required for the success of the CPG. Secondly, the key local players in regional development had good professional and personal relationships with each other, based on personal compatibility, genuine liking and respect for each other, and successful outcomes from previous joint projects. Thus, at the time, behind the exterior of inter-city rivalry lay cooperative networks of personal and professional social relations that had not yet been activated around comprehensive, all-of-region development activity. The CPG provided the structure that could harness these. Thirdly, at that time, each key player seems to have had a good understanding of their regional development role in relation to those of others, an appreciation of the importance of their own and others’ roles, and the ability to work strategically with each other. These key roles included the elected representatives (mayors), local governance professionals (CEOs), economic development professionals (RDB CEOs), and those who could provide access to expertise and resources outside the region (State and Commonwealth officials). Furthermore, the distinction between the CPG as a strategic decision-making body from the USGIT as its “arms and legs” (participant) was an important acknowledgement of the differential contribution of various members.

3. Structural formality

The CPG has adopted the structural middle ground. On the one hand, unlike some of the other models reviewed in Chapter 2, it is not a bureaucracy, a government department, another level of government (such as a supercouncil), or a hierarchically structured organisation. From the start, regional stakeholders believed that a tight focus, the ability to act, and the capacity to bring diverse players together around particular projects would be best served by a flat, less formal structure. But neither is the CPG a loose, informal group. It is an incorporated body with a constitution, a committee, clear terms of reference, defined membership, and employees. In brief, it is a serious, focused organisation that has the
structural flexibility to be action-oriented and responsive to changing local and external market conditions and investment opportunities.

The CPG has three operational levels.

- At the committee level it operates reasonably formally, as it has to given its incorporation, public accountability, and employer status. At this level, it tends to follow local government procedures, which some participants believed to be overly formal.
- The relative formality of CPG meetings is balanced by the USGIT, which operates more informally, as it should given the need for flexibility, responsiveness, and action.
- Outside the committee structure, a great deal of interaction happens informally through established relationships and networks encompassing a variety of members and stakeholders. These include CPG members, employees, State and Commonwealth officials, businesses, industry clusters, educational institutions, community members, and consultants.

4. Funding

The CPG’s resource structure demonstrates a substantial commitment from the region (primarily through the three local governments and the RDBs), and SA and Commonwealth Governments. Each local authority contributes $20,000 per year, which represents a considerable financial commitment given their budgets, and in-kind support through the time of the CEOs and the Mayors. The RDBs also contribute the time of their CEOs and other employees. Through the Department of Industry and Trade (DIT), the SA Government contributes most of the salary and costs of one of its officers to act as the Executive Officer for an initial period of three years. This officer is effectively seconded to the CPG, rather than being employed by his department, to provide a service for the CPG. As discussed in Chapter 3, DIT also funds an Enterprise Development Officer, while AusTrade partly funds an Export Development Officer. Through Invest Australia, the Commonwealth has also funded a detailed study focusing on investment opportunities for the region. In addition, through various funding programs, State and Commonwealth Governments contribute additional resources for particular projects.

This resource structure has a number of implications for how the CPG operates.

- The primary local stakeholders are strongly, and equally, committed to cooperation.
- Both levels of central government are also highly committed to the initiative. Furthermore, placing the State- and Commonwealth-funded positions within the CPG structure represents a real commitment of central government to the principle that the CPG is locally owned and driven.
- Resources are provided from all sources clearly for economic, rather than social or community, development. Within this, funding is focused on business and export development.
- The level of resource commitment from local, State and Commonwealth governments and the three-year commitment of the SA Government provide sufficient security for the CPG to develop directions, projects, and organisational maturity.
- Nevertheless, funding is lean, short-term, and primarily project driven. While it may be the case that more can be achieved with more funding, these constraints have maintained pressure on the CPG to stay focused, action oriented and efficient. They
have also ensured that the CPG concentrates on facilitation, rather than service provision.

5. Regional/local focus

The CPG has clearly focused on the region and its three cities, rather than local communities as these were defined in Chapter 2. This is in contrast with some of the other models reviewed in Chapter 2 where the RDO essentially provides funds for individual communities to develop economically and/or socially according to their own agendas. The CPG is, then, a regional development organisation, not a community development one. It could not be otherwise given that the overriding aim is intra-regional cooperation, because prioritising a focus on local communities may well fuel competition between them – in this context for CPG support.

The regional focus has additional advantages. Participants commented that it allows for pooling of resources for economic development and strengthens the shared regional infrastructure rather than splintering it amongst small communities, which reduces duplication and costs. It also provides legitimacy, authority and lobbying power in the eyes of local, national and international business communities, and Commonwealth and SA Governments.

A regional focus is also in keeping with community development theory as this was presented in Chapter 2, where it was argued that community development (indeed, the very concept of ‘community’) only has meaning at the level of the local community. Although the CPG has not entered directly into this arena, it still relates to the local level. It does this indirectly through members’ roles and links within their respective communities (e.g. the Mayors, local government CEOs and Economic Development Board CEOs) and through direct links with individual businesses, although these are not grouped by city. For this reason, many participants commented that the CPG is a bottom-up organisation in the sense that it is driven by people, businesses, and organisations within the region and its agenda responds to economic conditions and opportunities affecting local businesses and, through these, their communities. However, as one participant commented, it is also an “inside-out” organisation in that it links local businesses with external market and investment opportunities and focuses central government resources on local agendas. While it is clearly not a top-down organisation, Commonwealth and State priorities (e.g. exports and building business capacity) influence the broad parameters of the CPG through funding requirements.

6. Market/network mindset

The CPG mindset incorporates market transactions on the one hand, and networking and engagement on the other. It also specifies a relationship between the two. In brief, it aims at economic development through intra-regional cooperation, by strengthening and developing networks between:

- Political leaders, local governance professionals and economic development professionals within, and between, the three cities;
- These and central governments;
- Businesses within the region; and
- Local businesses, and external markets and investment opportunities.
7. **Sector focus**

The CPG has the overriding aim of turning around the local economy. It is, therefore, focused unmistakeably on the economic sector and, within this, on economic growth, business development, increasing exports, employment growth, and population growth. It is also project, rather than politically, driven. Just as clearly, the CPG does not focus on community development or human services provision.

8. **Roles**

The CPG pursues this aim primarily by:

- Acting as a peak economic development organisation for the region;
- Facilitating cooperation and partnership development;
- Engaging in strategic regional planning;
- Positioning the region in state, national and international markets;
- Facilitating economic development;
- Providing the region with access to information; and
- Building local business capacity.

**A peak organisation**

As the peak, cross-city regional development organisation the CPG provides a structural meeting point for the key stakeholders. As such, it is recognised by local businesses, and by State and Commonwealth governments, as the legitimate authority that can represent, and act on behalf of, the region as a whole in relation to economic development. From its inception, it has generated considerable trust with government and local businesses. In a practical sense, the CPG generates, legitimates, and provides the region with real ownership over region-wide projects. Increasingly, it also provides a shopfront for economic development in the region.

**Cooperation and Partnership Development**

All research participants agreed that the CPG’s primary role is to facilitate cooperation and partnerships between:

- CPG members and their organisations;
- Businesses and organisations involved in economic development in the region; and
- These and external organisations that can support regional economic and business development.

At an organisational level, the CPG provides a forum where members can cooperate and manage potential competitiveness with each other so that the region as a whole can be better positioned within national and international markets and present a united front to its economic and political environment.

Within the region, this role focuses primarily on horizontal links involving the three local authorities and RDBs, businesses, employees, and education/training institutions. Linking businesses together was a primary aim of forming industry clusters. This role is described in detail below. The CPG has also been instrumental in linking local businesses with external markets and investors, the three local governments with key organisations and opportunities.
outside the region (e.g. the Upper Spencer Gulf – Palmerston partnership), and local businesses and organisations with central governments.

**Strategic Regional Planning**

The CPG plays a key role in facilitating region-wide economic planning. Although each city continues its own planning processes, primarily through its local authority and RDB, the CPG facilitates cooperative planning by bringing key players together across cities for meetings and in relation to particular projects. Several participants described it as a ‘strategic think-tank’ that facilitates the generation of new entrepreneurial ideas and acts as a conduit that conveys these to local enterprises.

**Positioning the Region**

Through its very existence, the CPG creates the concept of a region. The importance of this is not to be under-estimated. Prior to its establishment, there was no positive concept of the region or the space in which it was located. The three cities were collectively known as ‘the iron triangle’, which conveyed the negative image of a region that owes, or once owed, its existence to minerals extraction and processing. The CPG has actively re-badged the region to a more positive image of a place by the sea where people live and work, and which has a diverse economic base.

The CPG is the key region-wide organisation involved in positioning the region with government and in national and international markets. It does this by:

- Advocating for the region and local businesses with central governments and markets;
- Marketing the region to national and international markets; and
- Developing partnerships between businesses within the region and external investors and market opportunities.

**Economic Development**

The CPG is the key region-wide organisation focused on economic development of the region as a whole. Clearly, its role in positioning the region overlaps substantially with its role as a driver of regional economic development. It contributes to economic development by:

- Building local business capacity;
- Providing local businesses with access to government support for regional economic development, including funding, information, and access to networks;
- Locating and opening up new markets, either directly or by enlisting the support of government agencies, especially AusTrade;
- Raising awareness amongst local businesses about export opportunities;
- Encouraging them to export;
- Connecting them with external markets;
- Attracting investment and enterprises to the region;
- Providing information to local businesses; and
- Developing partnerships.
Accessing Information

A crucial role for the CPG in economic development is providing regionally based businesses and other organisations with access to information concerning: business and economic trends; business development opportunities and strategies; sources of advice for business development; markets; local capabilities; and potential partnerships between local organisations, and between these and businesses and organisations outside the region. The CPG acts as an access point to databases held by the city councils, the RDBs, and government departments. In this role, it provides information directly, but perhaps more importantly, advice about how to access these databases. This is relatively straightforward because CPG members have direct access to most of the relevant databases. Through its meetings and other forums, the CPG also facilitates information exchange across the region, which results in significant cross-fertilisation of ideas.

The CPG also monitors market, demographic and social trends within the region (e.g. employment and population trends, and business capability) and in its environment (e.g. market opportunities). It is consequently well placed to provide performance feedback to local and external organisations.

Local Capacity Building

The CPG contributes to building business capacity by attracting investment and new enterprises to the region, increasing the critical mass of activity around particular industry opportunities (through forming cluster groups), identifying funding opportunities for business development, workforce training, accessing information, and providing performance feedback.

9. Intra-regional Partnership Development

The CPG focuses strongly on fostering cooperation and partnerships within the region. The overriding philosophy is "what's good for one city is also good for the others" (participant). Of course, the cities still compete; for, after all, each aims to attract as much investment as possible. Nevertheless, when one city is better placed than the others to win a major project, investment or contract the others will generally support the bid.

In general terms, the CPG engages in all the functions identified in Chapter 2 as connected with this role. It facilitates the development of shared agendas, facilitates communication and information flows, mediates intra-regional relationships, creates new partnerships, mobilises existing partnerships, and manages competing local interests for the purpose of regional development. The CPG also uses more specific strategies to facilitate intra-regional cooperation.

- It provides an organisational structure that is responsible for facilitating cooperation amongst potentially competing interests. In other words, the aim of cooperation has a structural location in the region, rather than being left merely as a noble ideal to be implemented here and there by various unspecified organisations. In the words of one participant, "the structure compels cooperation".
- The membership structure ensures that the key players in economic development in the region are brought together regularly in the spirit of cooperation.
Particular positions within the organisation have the designated task of establishing and maintaining partnerships throughout the region and with external markets and organisations.

The CPG has prioritised projects, such as industry clusters, which aim at building partnerships.

From the start, the CPG adopted an action orientation, involving regionally based organisations in concrete projects. This has focused businesses, organisations and people on getting things done, rather than on the politics relating to a situation, the history of their relationships, and associated underlying tensions.

Information is freely shared amongst all members and throughout the region.

The CPG’s strategic use of consultants from outside the region for various projects and to facilitate workshops has to some degree neutralised possible ownership issues between competing organisations and defused tensions arising from past interaction.

The two tertiary education leaders who are CPG members have also added a degree of political and economic neutrality to the structure.

Nevertheless, competitive and other tensions do arise from time to time within the CPG. The CPG provides a structure within which such tensions can be managed. Firstly, it provides a behind-the-scenes arena where differences can be resolved, or at least contained, so that public unity is maintained. Secondly, it provides an arena away from the public gaze where solidarity can be affirmed, despite the public posturing, which cannot always be avoided. Thirdly, the CPG provides two sets of processes – formal meetings and informal interaction in professional and personal relations – in which tensions can be addressed and eased. Most participants commented on the importance of informal interaction in maintaining the cooperative spirit.

Again, the importance of informal social networks is underlined. CPG members have developed a degree of trust and mutual reciprocity – or social capital – through their professional and personal dealings with each other. This is true, also, of many of the businesses within the region. Accordingly, most participants commented that nurturing these networks has been a deliberate CPG activity.

10. Stakeholder Representation in Management Structures

The major stakeholders are defined by the CPG focus on economic development, the aim of fostering cooperation between cities, and the need for central government support. Fostering cooperation means that the political leaders must be included as major stakeholders, along with their respective local government professionals (CEOs). The economic development focus means that relevant professionals, businesses, employees, and education/training providers must be included. The professionals are the CEOs of the Regional Development Organisations, and local governments. FRACC is also involved. Businesses are represented on the CPG by the combined chambers of commerce, employees by a trade union representative, and education/training providers by the two tertiary education sector leaders in the region (the Dean of the Whyalla Campus of the University of South Australia and the Director of the Spencer Institute of TAFE). The other two major stakeholders are the SA Government, because it has a role in fostering successful regional development, and the Commonwealth, which plays a leading role in developing export potential in Australia’s regions. Both have observer status on the CPG, and the SA Government provides direct support by partly funding the executive officer’s position.
Thus, all the major stakeholders are represented directly on the CPG. Inclusion of the political leaders and the city CEOs on the one hand, and the professionals on the other, means that the CPG tends to maintain a good balance between project-focused activity and management of the politics of inter-city relations. The power to coopt additional members as required helps to ensure that the CPG remains project driven and provides the opportunity for stakeholders to be identified according to particular tasks. Stakeholders are also included in various projects.

The major stakeholders make different, though complementary, contributions. The economic development professionals, the RDB CEOs, and the project managers tend to do the work involved in implementing CPG decisions. They are the focus of project activity, with other stakeholders contributing around them. Again, there is a clear focus on economic development through concrete projects. The SA Government provides support for economic development, which is its focus, by supporting the executive officer position and specific-project funding. The Commonwealth contributes information, advice, and access to networks necessary for increasing exports, and funds an export-focused position. While reinforcing the focus on economic development and increasing exports, central government representation also ensures that there are within-government champions of the CPG. This has proven to be essential for the CPG’s establishment and development. Without such support and advocacy within government and the resources this support has attracted, it is doubtful whether the CPG would have been established or remained viable for long.

Other stakeholders appear to have less influence. The Chambers of Commerce representative links the CPG to the business community, the union representative helps to identify workforce needs related to development opportunities, and the educators are in a position to develop responsive education and training programs.

The only possible omission is separate city-based representation of businesses. In hindsight, this decision seems to have been wise because it may have heightened inter-city competition within the CPG and, in any case, at an operational level the CPG has grouped businesses through industry clusters rather than geographically.

A few participants suggested that the people living in the three cities might also be stakeholders. In the indirect sense of having a stake in the outcome they are, because the ultimate aim of regional development is the well-being of residents. However, they are not stakeholders in the sense of being direct, active participants in CPG activities. This is an important distinction because it avoids confusion about whether the CPG is a regional development or a community development organisation. If ordinary (i.e. non-business) people are regarded as key stakeholders, then they should be directly included in CPG activities. This would involve the CPG in community development, which it clearly is not. Nevertheless, their stake in the CPG is maintained through their local government representatives.

11. Locus of Initiative

All participants were clear that the CPG was, and remains, a local initiative or, as one put it, “indigenously grown”. Between them, the RDBs and local government conceived it, then presented the concept to State and Commonwealth Governments. Although asked for comment, government officials were not asked for advice – in the words of one official, they “were told to listen, not to advise”. The core CPG members are regionally based, with local
government and the RDBs primarily responsible for setting the agenda and implementing initiatives.

Central government representatives have fully supported the importance of initiative being located locally. Indeed, the Commonwealth and State officials interviewed stated that their respective departments initially supported the CPG because of the obvious commitment, determination, and enthusiasm at the local level.

12. Operational Autonomy

As an incorporated body with its own vision, aims and strategic plan the CPG is, and is seen to be, structurally autonomous from other organisations, including those that are its members. From the start, Commonwealth and State governments recognised the CPG as an independent organisation and saw that this was essential for its success. The USGIT consolidates the CPG's functional autonomy. Rather than leaving implementation to the organisations involved, primarily the local authorities and RDBs, the CPG has established an entity within its structure to implement decisions.

13. Locus of Control

In keeping with its autonomy and domination by regionally based organisations, the CPG is locally controlled with respect to decision-making and implementation. All participants stated that regional leaders had insisted on this with central governments during the CPG's formation and development. This, too, was strongly reinforced through the establishment of the USGIT, which made it clear to State and Commonwealth Governments that not only would directions be controlled locally, but so, too, would be the action. In the words of a participant from central government:

"I think it would be fair to say that when we started working on the Implementation Team we were made extremely aware, by people in the community up there, that the CPG was their initiative, it was them taking charge of their role, and if we think we're going to go in there and take over, and take the kudos, then butt out ... If there is something you can do to help, they're very happy to have your help, but understand that this is a local initiative."

The role of central government has been to support local initiatives. As stated by another central government participant:

"I think that the people up there also recognised that the Commonwealth or State interest during the time I was there was quite useful for them, because we were basically saying: 'well, we're going to work with you, rather than the other way round, and we're going to help you if you wish'. If you want our help, and if we're able to do anything that's useful, we'll try, and the Commonwealth and the State have capacities to do things that are useful. So I got the sense of a group who were in charge of their destiny, who knew what they wanted to do, knew how difficult it was, and were receptive to outside advice."

14. Locus of Intra-regional Power

Participants generally agreed that power is shared by the core, regionally based CPG members - local government and the RDBs. This is as it should be given that the aim is
economic development through cooperation between three political/administrative entities. The other members have influence by virtue of their contributions to committee discussion and decision-making, while, from time to time, those from the education sector play a mediating role when tensions arise. Commonwealth and State governments play a supportive role to the core members. Incorporating the USGIT into the structure reinforces this power balance, which is recognised and accepted by all members.

Who provides the leadership on particular projects depends on the project itself. For example, leadership for cross-city projects, such as the Resources Industry Cluster, is shared. In contrast, where one city is clearly best positioned to attract a major project, leadership is provided by that city, supported by members from the other cities. Several participants stated that this was tested in relation to one investment possibility, when, at various stages of negotiation, each city believed that it had a good chance of success. However, when it became clear that one city was best placed to win the project, the others rallied behind it.

Social Embeddedness

15. Network Capability

The CPG is horizontally well embedded in local governance networks, regional development professional networks, and business networks. Vertically, it is also well embedded in State and Commonwealth Government networks focused around regional development in South Australia and exporting. The CPG is becoming more connected over time with the industry, business and political networks that are currently springing up around the Adelaide to Darwin railway and with relevant overseas market networks.

Through the Whyalla Campus of the University of South Australia and the Spencer Institute of TAFE, the CPG is also connected with education, training, and research networks within the region as well as those in Adelaide, interstate and overseas with which the education organisations are connected.

Given the CPG’s focus on economic development its networks tend to be market oriented. Nevertheless, as argued in Chapter 1, market processes happen largely through real, concrete social relations. Because it does not focus on social development, human services development or community development at the local-community level, the CPG’s network capability does not extend to networks formed around these issues. Such networks include, for example, those amongst human service organisations, community development organisations, and community service organisations.

In brief, the CPG’s network capability means that it has:

- Good capacity to access regionally based business, economic development, political, and education networks;
- Good capacity to access State and Commonwealth networks focused on regional development (especially in South Australia) and export development;
- Focused capacity to access particular market networks interstate and overseas;
- Growing capacity to access networks developing around the Adelaide to Darwin railway; and
- Little capacity to access social development, human services, community services, and community development networks within and outside the region.
The CPG's network capability is based on five factors. Firstly, its membership involves key people in all stakeholder groups. Secondly, members also have responsibilities in the key regional development organisations, each of which is well embedded in its own particular networks. Through these members, the CPG is connected with their organisations' networks. In the words of one participant, "there must be real people who are doing the linking". For instance, through local government members, the CPG is connected with governance networks including, for example, various single-issue regional development groups, and community organisations. Through the RDB professionals, it is connected with most of the regional development expertise in the region. Through the State and Commonwealth representatives, it is connected with the resources (e.g. funding programs) and expertise of a range of government departments at both levels (e.g. DIT, AusTrade, AusIndustry, and Invest Australia). And through the tertiary education leaders, it is connected with a wide range of training and research expertise within, and connected to, the University of South Australia and the Spencer Institute of TAFE. Similarly, through its members, the CPG is also well connected with information networks.

Fourthly, interactions amongst key members about CPG business are embedded in more encompassing professional and, in some cases, personal relationships between them, which are characterised by trust and reciprocity developed through interaction on other issues in other contexts. Indeed, as several participants pointed out, the extensive informal and, to a lesser extent as it turned out, formal interaction that led to the conception and establishment of the CPG occurred in the context of such relationships. These have proven to be crucial in managing the inevitable tensions that arise in a cooperative endeavour where competing interests are at stake and where there is a history of isolation and competitiveness.

Finally, these factors – the participation of well-connected key stakeholders, access to their networks, access to information networks, and embeddedness in broader social relations – are locked in by the overriding determination by members to cooperate with each other for very sound economic reasons.

16. Legitimacy

The organisations and people that have the power to provide and/or attract resources and support for the CPG see it as the key inter-city regional development organisation in the Upper Spencer Gulf. The most powerful sources of legitimacy are the RDBs, the local authorities, and relevant State and Commonwealth departments. Other sources are the businesses in the region and, to a lesser extent, the workforce, and educational institutions.

This legitimacy is based on:

- The concept of the region that it symbolises;
- The perception of regional unity that it represents within the region, to government, and to external market players;
- Its composition;
- The credibility and confidence brought to the group by proven professionals and political leaders;
- The fact that it is regionally based, owned and controlled;
- The belief that things will get done because it is driven by regional players;
- Its congruence with current government policies of encouraging economic development, partly through increased exports, and regional self-reliance and problem-solving;
• The focus on economic development, especially driven by resource and heavy manufacturing industries, which is congruent with the industry culture, infrastructure and skills of local entrepreneurs and the workforce;
• The focus on supporting local businesses; and
• Its well-advertised success in stimulating local business development.

This high legitimacy results in: support from organisations through resources, information, and expertise; recognition of the region by external markets; and involvement by local businesses in the work of the CPG – e.g. forums, workshops, and projects.

17. Social, technological, and intellectual capital.

Social capital is usually defined as trust, reciprocity, and cooperativeness in a network of relations that an individual or organisation can draw on to achieve its goals. An organisation can access the social capital available to another organisation with which it is related, depending on the relationship between the two organisations.

The social capital available to the CPG has been identified throughout this chapter. It is generally high, although it is focused around economic and business development networks. Social capital is high amongst CPG members and their employing organisations due to their shared commitment to cooperation and, in some cases, the nature of their broader professional and personal relations. The CPG’s successes to date have also contributed to this – it seems that high social capital increases the chance of success of cooperative regional development efforts, which, in turn, increases the level of social capital within the organisation.

Social capital is also high in relations between the GPG and the two levels of central government. This is because it is regionally driven, successful given its early stage of development, accords with present government policies concerning regional development, and involves proven professionals, key regional development organisations, and political leaders.

It also appears to be high in the CPG’s networks of relations with the business community because of the good relationships that CPG member organisations have with businesses in their respective cities, its success in assisting the development of businesses, and the public celebrations of business successes (e.g. the Export Awards Dinner).

The CPG is currently establishing partnerships with external market players that should, in time, generate additional social capital for the Group. At this stage, these partnerships appear to be drawing on the social capital in the relations between these players and (1) CPG member organisations and (2) those to which it is closely connected (such as AusTrade).

The CPG also has substantial technological capital. The Group has good access to intellectual capital through the professional regional development expertise of the RDBs and local authorities, education/training institutions, the executive officer, consultants, and State and Commonwealth officials. Through these, it also has good access to databases and information about regional development. Intellectual capital is channelled mostly through the USGIT. The region as a whole, though not the CPG specifically, has an excellent infrastructure relating primarily to heavy manufacturing and processing, resource industries, transportation and power generation, and management of associated environmental issues.
Conclusion

In sum, then, the CPG was established in the context of major economic threat to the Upper Spencer Gulf as a regionally based attempt to turn around the economy through cooperation between the three cities in the region. It pursues this aim primarily by: acting as a peak economic development organisation for the region; facilitating cooperation and partnership development within the region; engaging in strategic regional planning; positioning the region in state, national and international markets; facilitating economic development; providing the region with access to information; and building local business capacity. The CPG is recognised by the major regionally based and external stakeholders as the legitimate cross-city economic development organisation. As such, it is a regionally owned and controlled, autonomous organisation run primarily by the three local authorities and the three RDBs, which effectively locates the initiative for development within the region.

The CPG is an independent incorporated body, with a flat organisational structure, which operates with a degree of formality at the committee level, but through extensive informal interaction outside of meetings. Core members are the key regionally based stakeholders in regional development, who are well supported by the State and Commonwealth Governments. The CPG focuses clearly on economic, rather than social or community, development at the regional, rather than community, level, and is project rather than politically or administratively driven. Nevertheless, it has a dual focus on economic markets and the networks in which it is embedded. The CPG makes good deliberate use of this embeddedness to maximise its network capability and its access to high levels of technological, intellectual, and social capital.
Chapter 5

Review of the CPG Against Key Process Performance Indicators
In this chapter we identify key performance indicators for organisations established to facilitate intra-regional cooperation and review the CPG against these. This is a general review because the KPIs have not been precisely defined, either theoretically or operationally, or empirically validated.

Assessment of best practice in regional development is both a complex and under-developed area. There are typically two main approaches: assessment against 'hard' quantitative indicators of outcomes (e.g. how many jobs have been created); and various forms of formative assessments of practice (e.g. how well the regional development organisation undertakes certain processes). Both forms of assessment are limited because many of the social, economic, and political phenomena associated with regional development tend to be beyond the direct control of these organisations. For example, entrenched structural unemployment, which is a common focus of many regional development strategies, has both its origins and its solutions in arenas that are frequently far removed from the particular region.

For three reasons we have focused on indicators relating to processes, such as facilitating cooperation, coordination and partnership development, rather than outcomes. Firstly, the CPG was established primarily to influence certain processes on the understanding that these are key factors in producing the 'hard' outcomes. Secondly, there are many sophisticated and validated sets of KPIs relating to such outcomes. Thirdly, as discussed in Chapter 1, it was inappropriate to evaluate CPG outcomes with respect to the vision of turning the economic and population decline around by 2010, both because it is too soon to do so and because the usual indicators, such as export earnings, employment/unemployment levels and population growth, cannot, and should not, be directly attributed to the CPG. Rather, the CPG was established with more process-oriented aims. Nevertheless, even at this early stage of its development, there is value in reviewing the CPG against the process indicators generated from the study to provide the evidence that it is an instance of good practice and establish initial credibility for these indicators.

Key Process Performance Indicators

We had initially hoped to develop a comprehensive, process-focused Performance Evaluation Model (PEM) from a case study of one organisation. As it turned out, this was a larger task than we had anticipated. For three reasons it was also unachievable in a single limited study. Firstly, as our overriding aim was to review the CPG as a model of best practice, the data from which we developed indicators inevitably drew on members' limited experience of their own organisation. Consequently, their generalisability would be limited. Secondly, the extensive theoretical work required to develop a comprehensive and integrated PEM was beyond the scope and resources for the study. Thirdly, evaluations of the cases reviewed in Chapter 2 were not available and, we suspect, had not been done for most, if not all, of them. So KPIs could not be directly derived from these. With respect to developing process KPIs, this has been an exploratory study.

In effect, this study produced three sets of process KPIs:

1. The general principles for intra-regional cooperation presented in Chapter 2;
2. Those represented by the dimensions generated from the case studies in Chapter 2 for describing and comparing models; and
3. The process KPIs generated by the workshop conducted during the study.
That there is substantial overlap amongst these suggests we are on the right track.

**Principles of Intra-Regional Cooperation**

Principles were derived from our brief review of regional development literature and the commonalities identified amongst the nine case studies reviewed in Chapter 2. These were confirmed by interrogation of the secondary and primary interview data.

Principles identified in Chapter 2 were as follows.

1. Recognition of the complexity and interrelatedness of regional economic and social development issues.
2. Dual focus on issues of investment and production as well as the social networks and relations in which these are embedded.
3. Broad involvement of stakeholders across sectors within the region.
4. Involvement of all tiers of government.
5. Engagement of intra-regional, extra-regional and government stakeholders with each other.
6. Communication and interchange between diverse sectors, which creates links between the development of ideas and initiatives originating from stakeholders.
7. Relating top-down leadership to bottom-up participation.
8. A broad and stable political base to offset domination by particular interest groups.
9. Cooperation between local authorities as members of dedicated coalitions, rather than as the prime movers of regional development.
10. Regionally based development.
11. Differentiation, and rationalised interaction, between regional and community layers in development.
12. Central governments acting as partners, not as a dominating presence.
13. Adequate and predictable funding, independent of electoral cycles, which provides for stability and effective planning.
14. Multi-track dialogues and feedback between the cooperative regional development organisation and industry, community partners and government.
15. Insulation of cooperative regional development organisations from excessive bureaucracy.
16. Realistic appraisal of regional capabilities, technology cycles, and competition.
18. Helping local communities to identify promising projects and secure investment and funding for them.

**Model Descriptors**

Although they were constructed as descriptors many of the dimensions identified in Chapter 4 also serve as best-practice indicators. These are as follows. (We have numbered dimensions the same as in Table 4.1 to facilitate comparison.)

4. An adequate amount and security of funding.
5. Dual focus on the region as a whole and local communities.
6. Dual focus on networking and engagement on the one hand, and market transactions on the other.
7. A clear sector focus.
8. Focus of the organisation on the following roles:
• Partnership development within the region - between local authorities, businesses, employers, trade unions, community organisations, and educational institutions;
• Linking the region with it environment (e.g. central government, investors, markets, educational institutions);
• Research – including accessing, and providing access for other regionally based organisations to information (e.g. economic and social demographic databases, investment and market opportunities);
• Advising local businesses, local authorities, and/or community organisations.
• Regional planning (mostly economic, but sometimes social as well).
• Providing a shopfront for the region – marketing, attracting investment, and locating markets.
• Representing the region to government and external organisations through advocacy and lobbying.

9. Emphasis on establishing, facilitating, and maintaining partnerships throughout the region (between, e.g., businesses and peak business organisations, industries, local authorities, education/training institutions, and unions). Indicators include:
• Facilitating the development of shared agendas;
• Facilitating communication and information flows;
• Mediating intra-regional relationships;
• Creating new partnerships;
• Mobilising existing partnerships; and
• Managing competing local interests for the purpose of regional development (e.g. encouraging local authorities to support each other to attract projects and investment into the region).

10. Representation of key relevant stakeholders and sectors in the organisation.
11. The extent to which the organisation and its activities are driven by intra-regional stakeholders.
12. The extent to which the organisation determines its own focus, priorities, projects, and activities.
13. Control of the organisation by regional agendas and/or local community agendas.
14. Extent of power sharing through multi-stakeholder cooperation, rather than concentration in particular regional power blocs.
15. Linkage of the organisation with regional networks.
16. Legitimacy: The extent to which regionally based and external stakeholders view the RDO as a key player in regional development.
17. Social, technological, and intellectual capital.
• Social capital: The extent to which relationships amongst stakeholders, both within and related to the RDO, are characterised by goodwill, trust, mutuality, reciprocity, and social cohesiveness.
• Technological capital: Access to technology and information, including equipment, databases, scientific information, etc.
• Intellectual capital: Access to professional expertise.

Validation of these dimensions/indicators is discussed in Chapter 4. In brief, we are confident that these KPIs can be taken as generic formulae for intra-regional best practice cooperation for regional development. Some, such as 8, 9 and 17, will require detailed, qualitative explication for the more complex dimensions. However, for the most part, the remainder can be seen to be capable of initial application to the CPG.
Workshop-derived Indicators

Finally, a workshop was held with all CPG members and a few other key stakeholders to identify key performance indicators from their experiences in establishing and operating the organisation. The workshop was run according to grounded-theory research principles. Grounded theory designs aim at generating concepts, propositions and, eventually, theories from participants' 'on-the-ground' experiences and narratives. In this way, concepts are 'grounded' in experience, rather than being theoretically derived and then tested through verificational research procedures.

The workshop was structured to answer the question 'What is required for effective collaboration?'. Participants provided detailed and perceptive information concerning required structures and processes together with indicators for these. The workshop proceeded as follows. After an initial introduction by the chief investigator and facilitator, participants were asked to list, on cards, what they believed to be key requirements for effective collaboration (one to each card) and, on other cards, what they thought were indicators of each requirement (one on each card). Participants then broke into groups of two or three to generate lists of requirements. Each group reported back to the entire workshop and other participants commented on these. As each group reported, each card (with a single requirement) was placed on a large sheet of paper. As each group reported, cards were successively organised into categories. This procedure was then repeated for indicators. Eventually, the sheet of paper was filled with cards organised into requirements on the left and, alongside these, indicator cards, roughly grouped according to the requirements. Participants then collectively reorganised the cards according to their own understanding of groupings. After about 30-40 minutes, all participants were satisfied with the resulting configuration.

These were later analysed by the researchers. Analysis involved refining requirements so that they were reasonably clearly defined and mutually exclusive, then refining and grouping indicators so that they, too, were mutually exclusive and aligned only with one requirement. The seven requirements resulting from this analysis are virtually the same as those identified by workshop participants, and the indicators are organised in much the same way.

Requirements and indicators are reported in Table 5.1. The overriding strength of this conceptualisation is that it has been generated by a systematic procedure, with inbuilt validational procedures, from the experiences of establishing and managing an effective organisation by an intelligent, professionally sophisticated, and experienced group of people. It is, then, empirically derived and validated (in the sense of being successively cross-checked by, and amongst, them). Limitations are that it is not comprehensive (because experiences with other similar organisations might result in different requirements and indicators), validated beyond a single case, conceptually sophisticated (or tidy), or theoretically informed (tidy according to sophisticated, empirically grounded, theoretical formulations).

As shown in Table 5.1, participants identified seven generic requirements for organisations established to facilitate intra-regional cooperation.

1. Clarity of, and support for, organisational identity, purpose and focus.
2. Level of trust, commitment, and mutual support within the organisation.
3. Effectiveness of communication and marketing (as indicators of the extent to which the organisation influences its environment).
4. Effectiveness of budgeting and resource management.
5. Effectiveness of internal group dynamics, committees, and structural processes.
6. Extent of embeddedness in regional business, political, community and regional networks, as well as inter-member relationships characterised by trust, goodwill, reciprocity, and norms of cooperation.
7. Effectiveness of monitoring and evaluation of performance, structures and processes.

Table 5.1: Workshop-generated process KPIs for cooperative regional development organisations

<table>
<thead>
<tr>
<th>Requirements</th>
<th>Key Performance Indicators</th>
</tr>
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</table>
| 1. Clarity of, and support for, organisational identity, purpose and focus | • Clarity of roles and responsibilities of members and committees  
• Level of stakeholder support for organisational roles and purposes  
• Regularity of reviews of organisational roles and purposes  
• Extent to which stakeholders acknowledge the benefits of participation  
• Level of commitment to performance as a key, defining criterion  
• Extent to which there are agreed processes for formalising and reviewing the strategic plan  
• Effectiveness of processes for vetting and evaluating new ideas  
• Achievability of projects relative to the capacity of the region  
• Degree of benefit of projects to stakeholders  
• Degree to which successes are celebrated |
| 2. Trust and commitment | • Level of attendance at meetings  
• Level of mutual support amongst members  
• Level of engagement with diverse points of view within the organisation  
• Extent to which negotiations around differences among members are contained to meetings  
• Confidentiality of meetings  
• Extent of involvement of outsiders in organisational processes (as a measure of member security in the organisation’s identity) |
| 3. Communication and marketing (indicators of the influence that the organisation has within the region) | • Strength of positioning of the organisation in intra- and extra-regional networks  
• Recognition of the organisation within the region (through, for example, letters to the editors of local newspapers)  
• Recognition of the organisation outside the region  
• Extent of linkages with businesses, business networks and peak business organisations within the region  
• Strength of consultation processes within the region  
• Level of engagement with ideas from the community  
• Awareness of the organisation throughout the region  
• Number of enquiries to the organisational secretariat  
• Number of enquiries from businesses within the region  
• Number of website hits from within the region  
• Number of hits website hits from outside the region  
• Degree to which the organisation promotes a positive image of the region  
• Level of presence in regional media  
• Recognition in policy formulation by State and Commonwealth Governments (e.g. references in policy documents and consultancy/research reports) |
Table 5.1: Workshop-generated process KPIs for cooperative regional development Organisations (Contd.)

| 4. Budget and resources | • Extent to which annual and project budgets balance  
| | • Extent to which the annual budget is tied to the strategic plan  
| | • Extent of continuing support from funding partners  
| | • Use of expert technical advice  
| | • Growth of the organisation’s income base  
| | • Diversity of the income base  
| | • Level of administrative support  
| 5. Group dynamics and processes | • Regularity of meetings amongst members  
| | • Level of support from group members  
| | • Extent to which leadership is shared (e.g. rotated)  
| | • Equitability of responsibility sharing  
| | • Clarity of decisions, actions and carriage arising from meetings  
| | • Level of implementation of decisions, actions and carriage  
| | • Extent of engagement of regional stakeholders in leadership  
| 6. Embeddedness | • Number of intra-regional collaborative projects  
| | • Extent to which the organisation is embedded in regional business networks, political networks and community networks  
| | • Access to social capital in intra- and extra-regional networks  
| | • Extent to which the organisation is embedded in strong, positive social and professional relationships amongst its members  
| 7. Monitoring and evaluation | • Monitoring and evaluation of achievement of outcomes against the strategic plan  
| | • Effectiveness of organisational structures and processes  
| | • Monitoring and evaluation of membership and stakeholder representation  
| | • Monitoring and evaluation of leadership performance  
| | • Monitoring and evaluation of government regional policy  

The following elaboration of these requirements draws on notes taken during workshop discussion.

**Clarity of, and support for, organisational identity, purpose and focus.** This refers to the extent to which the identity and raison d’être, of the organisation is recognised, embraced by members, and supported by intra- and extra-regional stakeholders. Where the organisation’s focus is clear and agreed, the roles and responsibilities of members and committees are also clear and supported. Clarity of focus is maintained through regular reviews of the organisation and its strategic plan in the light of an overriding commitment to organisational performance. Clarity of focus generates support from internal and external stakeholders because they clearly recognise the benefits of participating in, and supporting, the organisation. An organisation that has a clear view of its role within the region is more likely to identify projects that are realistic and achievable. A clear focus also tends to invite new ideas from members because they can focus their contributions and generates clearly focused dialogue and debate amongst them. Support for a strong, readily identifiable identity generates enthusiasm for projects and mutual support for achievements, which, in turn, encourages public celebrations of these.

**Trust and commitment.** By definition, to be effective, an organisation established to facilitate cooperation must generate trust, commitment, and mutual support amongst members and other stakeholders. In such organisations, members feel confident to engage in discussion,
debates, and negotiations around their diverse points of view because they can trust the goodwill of others. They are secure in the knowledge that commitment to the organisation’s overriding aim of maintaining cooperation will ensure that meetings are confidential, and that differences will not spill over to the public arena. The latter is especially important in such organisations because competitive and political tensions inevitably arise. Finally, the boundaries of an organisation with a strong sense of its own identity are not easily threatened by involvement of outsiders with actual or potentially different points of view.

**Communication and marketing.** Workshop participants saw this requirement as an indication of the extent to which the organisation influences regional development, for the most part, within the region. The question was raised in the workshop as to whether the latter should be the requirement, rather than ‘communication and marketing’. However, the consensus was that indicators of ‘influence’ would inevitably refer to outcomes rather than processes and, in any case, would be too difficult to measure. In sum, indicators for ‘communication and marketing’ refer to how strongly positioned the organisation is in networks, especially local business networks, how well known it is within and outside the region, how well it consults with regional stakeholders, the extent to which it promotes a positive image of the region, and the extent to which it is recognised in (influences) central government policy and planning.

**Budget and resources.** This requirement refers to budget and resource management rather than the amount of funds and resources available. Diversity in the income base reflects strategic planning that is responsive to environmental change, and is needed to spread the risk. Otherwise, this requirement is self-explanatory.

**Group dynamics and processes.** This requirement refers primarily to how well intra-organisational processes facilitate cooperation. Some indicators, such as regularity of meetings and clarity and implementation of decisions, actions and carriage, are self-evident. However, workshop participants added some indicators that they believed contribute to a definition of effective interactional processes. These are support from group members, and sharing of leadership and responsibility. Engagement with regional stakeholders in leadership was believed to contribute to openness, responsiveness, vitality, and regional support. Without it, the organisation can become moribund, unresponsive to its changing environment, and disconnected with the stakeholders who are so important in intra-regional partnership development.

**Embeddedness.** Participants confirmed the importance we have placed throughout this report on the organisation’s embeddedness in regional business, political and community networks, and its access to existing social capital within these. The number of active intra-regional collaborative projects is an astute attempt to operationalise these indicators. Participants also confirmed our emphasis on organisational embeddedness in strong, positive social and professional relationships amongst its members.

**Monitoring and evaluation.** That participants should identify self-evaluation and –monitoring structures and processes as a requirement is unsurprising given that this is established business practice and a truism in theoretical and empirical literature relating to organisations. Clearly, monitoring and evaluating government regional policy is essential because this is such an important part of the CPG’s operational environment with respect to strategic planning, funding, and central government support.
Review of The GPG Against Indicators

When KPIs are framed from three different angles we run the risk of ending up with
different, though overlapping, analyses. As we saw in Chapter 2, there is sufficient overlap
between regional development principles and those for cooperative regional development
structures to combine them into a single list of key principles. This is not surprising given
that core generic principles are well established in the literature and well tested in the field,
and would be well known to those involved in designing and developing cooperative
organisations. Nor is it surprising that some of our descriptive dimensions would capture
many best-practice principles because they are normative and ultimately derived from the
same theoretical and empirical base. However, the requirements and KPIs identified by
workshop participants are substantially different to the other two lists. This is because their
data were their experiences of a particular organisation rather than more abstract and
generalised concepts (as in the conceptual analyses).

In theory, we should be able to consolidate the three into a single framework. However, this
is premature because the work of developing a coherent theoretical base has not yet been
done (so there are no organising principles), different conceptual levels are evident in each
list, indicators are far from exhaustive, our data are predominantly qualitative, and indicators
have not yet been validated. Presenting three reviews of the CPG according to each
conceptualisation would be repetitive and tedious. Consequently, our review of the CPG
against these is conducted in three steps. Firstly, we review the CPG according to the KPIs
derived from the descriptive dimensions, noting where generic principles identified in
Chapter 2 are addressed by each KPI. Nine of the 18 principles are addressed by one or more
KPIs. Much of this review can be reported in summary form because some of it was
conducted in Chapter 4. Secondly, this is supplemented with a review according to the
principles that are not addressed by these ‘dimensional’ KPIs. Thirdly, the CPG is then
reviewed according to the requirements generated from the workshop. Some repetition with
the descriptive analysis in Chapter 4 is unavoidable because of the descriptive and normative
nature of most dimensions.

Dimensional KPIs

4. Funding (Principle 13). CPG funding is adequate, although not so generous as to
encourage complacency, or unfocused or peripheral activity. It is carefully targeted at the
priorities identified in the strategic plan. While funding is secure enough to allow planning
and reasonable stability, it is not entirely independent of electoral cycles. This is probably
inevitable.

5. Regional/community focus (Principles 10 and 11). The CPG focuses on development of
the region as a whole. Its links with local communities (the three cities) is through
organisations (RDBs and local governments), rather than with more ‘grassroots’ community
development organisations. However, within the business sector, the CPG is well connected
with this level through links with individual enterprises, which are grouped by industry
rather than cities. This is appropriate and effective given the organisation’s aims.

6. Focus on networking/engagement and market transactions (Principle 2). The CPG is
focused squarely on economic development of, and enterprise development within, the
region. Nevertheless, it is also well embedded in local business and political networks and
relevant extra-regional networks. The CPG gives high priority to engagement with
stakeholders within the region and with relevant government departments, partners, and markets outside it. The organisation originated, and remains firmly embedded, in sound social networks and relations amongst members and other key stakeholders. The importance given to these by all participants in the study was somewhat surprising given their lack of formal community development experience and expertise, or sociological training.

7. *A clear sector focus (Principle 2).* The CPG is clearly focused on economic development, rather than social or community development.

8. *Role focus (Principles 5 and 6).* As demonstrated in Chapter 4, the CPG actively engages in all the roles identified from regional development literature and the case studies.

9. *Partnership development (Principles 5 and 6).* As also demonstrated in Chapter 4, the CPG prioritises all the roles identified in relation to partnership development. Within the region, the focus is on partnership development amongst (1) enterprises, (2) economic development, political, education, business and workforce sectors, and (3) regional development professionals and politicians.

10. *Representation of key stakeholders and sectors (Principles 3 and 6).* All key stakeholders and sectors involved in regional economic development are represented within the CPG. A variety of activities (e.g. industry clusters, customer-supplier forums, delegations, workshops, seminars and lectures) facilitate the interchange of ideas and initiatives amongst these.

11-13. *Local control and initiative (Principle 12).* The CPG is locally driven, controlled and owned, and self-determining. Involvement of central governments is very clearly targeted and appropriate to the organisation’s strategic plan. These play supportive roles, rather than dominating and directing the organisation.

14. *Power sharing (Principle 8).* The CPG clearly has a broad and stable political base, which has successfully managed any potential for domination by particular power blocs. This is built on strong commitment to cooperation and reasonably equal representation by key relevant stakeholders. Strategies through which the CPG does this are identified in Chapter 4.

15. *Linking with regional networks.* As discussed in relation to Indicator 6, the CPG is well connected with regional networks focused around economic and enterprise development.

16. *Legitimacy.* As discussed in Chapter 4, the CPG is regarded throughout the region, by government and by external partners as the peak, region-wide regional development organisation. However, it is not well known outside of the business sector or stakeholders with whom the organisation has direct links. As far as we are aware this has not reduced its effectiveness. Given the limited resources, the CPG might, indeed, experience difficulties responding to the increased interaction with the general public that wider recognition would bring.

17. *Social capital.* Overall, within the CPG, relationships between individuals and the organisations they represent are characterised by goodwill, mutuality, reciprocity, and cohesiveness. This ebbs and flows according to particular issues, negotiations, and external chance factors. However, the overall level is high enough to manage tensions, and continues
to strengthen with time as members experience success through partnering. There are insufficient data to determine whether this is also the case amongst stakeholders who are not CPG members. However, the CPG's success in developing an effective Resources Industry Cluster and productive partnerships amongst local enterprises indicates that, at least in the business sector, the overall level of social capital is good.

18. **Technological capital.** As discussed in Chapter 4, the CPG has good access to technological capital through the member organisations and its relations with State and Commonwealth Governments.

17. **Intellectual capital.** As also discussed in Chapter 4, the CPG has good access to professional expertise in regional development through the professional members, its use of consultants and its relationships with the research team.

**Remaining Principles**

The foregoing comments address Principles 2-3, 5-6, 8, 10-11, 13, and 17. We also reviewed the CPG against the remaining principles.

**Principle 1. Recognition of the complexity and interrelatedness of regional economic and social development issues.** Documentation and interview narratives concerning the formation, establishment and development of the CPG reveal clear recognition amongst the organisation's founders and other members of the challenges and complexities involved in reversing the long-term serious downward spiral of the regional economy. This recognition was born out of the many failed previous attempts at government intervention, the analysis contained in the report of the South Australian Centre for Economic Studies (1997) that was an initial trigger for the CPG's formation, and lessons learned from the Newcastle situation. It is also unsurprising given that the CPG comprises experienced senior executives and professional regional developers from a range of backgrounds. Recognition of the complexity of regional development issues is demonstrated in the organisation's strategic plan, its multi-pronged attack on the problem, and its willingness to seek the expertise of a wide range of stakeholders including all levels of government, a range of government departments, a variety of professional regional developers and various databases.

Members are well aware of the interrelatedness of economic and social development. Nevertheless, because the CPG has not focused on social and community development it has little access to information and expertise concerning these. Should the organisation extend its focus to include, for example, health and human services, it would need to expand its membership base, networks and access to expertise.

**Principle 4. Involvement of all tiers of government.** All tiers of government are involved in the CPG structure and activities.

**Principle 7. Relating top-down leadership to bottom-up participation.** The CPG uses a number of mechanisms to ensure that leadership remains closely related with bottom-up participation of businesses within the region. These include the membership structure, the Resources Industry Cluster, customer-supplier forums, workshops and seminars, and various delegations. These facilitate continual two-way information flows and partnerships. Quite intentionally, grass-roots community organisations and the general (non-business) public do
not directly participate in the CPG, although they are represented at a general level through their elected local government representatives (the mayors).

**Principle 9. Cooperation between local authorities as members of dedicated coalitions, rather than as prime movers of regional development.** The Port Augusta, Port Pirie and Whyalla Councils certainly cooperate as members of a dedicated coalition that is, collectively, the prime mover of regional development. Together with the RDBs they are the most influential members of the CPG, which is appropriate given their leadership role in their respective cities and the combination of political and professional legitimacy and expertise they bring to the organisation.

**Principle 12. Central governments acting as partners, not as a dominating presence.** As discussed in Chapter 4, State and Commonwealth Governments play carefully targeted, supportive roles to the CPG.

**Principle 14. Multi-track dialogues and feedback between the cooperative regional development organisations and industry, community partners and government.** Overall, the CPG is highly responsive to its environment - it has its finger on the pulse of the region, relevant external markets, and movements in government policy. Dialogue with, and feedback from, the RDBs, the three local governments, and the business, economic and union sectors is ongoing because these are members. They are also strong with the relevant State and Commonwealth Government departments because these are directly involved in the CPG through their observer status and fund three key positions. The Executive Officer provides a direct link with the SA Government because he is a state employee. Dialogue is also strong with local industry through the CPG's relationships with individual enterprises, the Resources Industry Cluster, and direct involvement of the combined Chambers of Commerce and trade unions. As suggested earlier, links with other community organisations are not evident, although this is not important as long as the CPG remains focused on economic and enterprise development.

**Principle 15. Insulation from excessive bureaucracy.** The CPG is well insulated from excessive bureaucracy because its resources are too limited to support it, member organisations maintain their own spheres of operation independent of the CPG, the flat organisational structure, and the separation between the CPG itself and the USGIT.

**Principle 16. Realistic appraisal of regional capabilities.** The CPG was formed on the basis of a starkly realistic appraisal of the economic and industry environment within the region. This realism has been maintained throughout its development. Its assessment of regional capabilities is based on a number of sources, including: ongoing interaction with regionally based enterprises; strong links with all sectors and stakeholders; access to a range of data bases through the RDBs, the local authorities, and State and Commonwealth Governments, the University of South Australia and the Spencer Institute of TAFE; and various consultancies. The growth in the number of export-ready and export-effective enterprises within the region and the number of contracts won by local enterprises in relation to the Adelaide to Darwin railway indicate that the CPG's assessment of capability has been accurate.

**Principle 18. Helping local communities to identify promising projects and secure investment and funding for them.** This has been an overriding focus of the CPG. If we regard the three cities as the 'communities' in the region, the CPG has certainly supported these in
the ways indicated by this principle. A number of projects have been won because all CPG members threw their collective weight behind the particular city’s bid. Furthermore, in keeping with the CPG’s strategic plan, ‘community’ can also be defined here in terms of ‘communities of businesses’, such as partnerships and industry clusters. The CPG has been highly supportive of these. The strategy of facilitating partnerships amongst local enterprises and helping them to assess their own capability and upgrade it has resulted in growth in exports from, and contracts flowing into, the region.

Requirements

Clarity of, and support for, organisational identity, purpose and focus. The CPG achieves well on all indicators identified for this requirement. Member and committee roles and responsibilities are clear and supported by all stakeholders. Significantly, the CPG has never experienced significant disagreement about these. The strategic plan is reviewed regularly, as are organisational roles and purposes as part of this process. All study participants commented on the benefits of CPG participation and projects. From the start, performance has been the key defining criterion of success, which would be expected given the context in which the organisation was established, the determination to cooperate, and the carefully targeted resource base. As discussed earlier, projects have been carefully selected and designed to be achievable according to the capability of the region, and a number of mechanisms exist to vet and evaluate new ideas. In fact, given the failure of previous ideas to turn around the economy, all regional development thinking had to be new thinking. Some successes are celebrated and publicised, most noticeably through the annual export awards dinner. However, as acknowledged by workshop participants, the CPG could be more active in this area of activity.

Trust and commitment. As discussed throughout this report, the level of trust and commitment amongst members has been high throughout the life of the CPG.

Communication and marketing. Positioning of the CPG within the region, its links with the business sector, and its successful re-badging of the region have all been discussed previously. Given its short history, the CPG is well recognised in business, economic and governance sectors within the region and outside of it. It is especially prominent with relevant State and Commonwealth Governments, which view it as a dynamic, appropriate, locally driven response to what was a dire economic situation. As discussed earlier, both levels of central government have supported the CPG from before its inception through policy, consultancy reports, resources, and personnel. We have no data concerning enquiries and website hits.

Workshop participants agreed that the CPG could give more attention to advertising and marketing the organisation more generally throughout, and even beyond, the region, and to public relations. The benefit would be wider recognition and utilisation by more local enterprises or potential enterprises and, perhaps, access to new markets. However, this needs to be approached cautiously because the limited and carefully targeted resource base could be quickly stretched beyond its capacity, so that members spend too much time responding to peripheral agendas and enquiries. As a minimum, the CPG could be more active in publicly celebrating and advertising successes. It could also be suggested that the CPG should extend it links with central governments to a wider range of departments. Again, though, the focus on establishing very strong links with the most relevant departments has proven to be successful and within resource limitations.
Budget and resources. The evidence indicates that the CPG is performing well with respect to all indicators of this requirement. The income base and its diversity have continued to increase since its inception. At the feedback session, CPG members commented that the 'lean and mean' resource base had contributed to the organisation's success.

Group dynamics and processes. As discussed throughout the report, the CPG performs well on all indicators of this requirement. Meetings are regular, well attended, and supported. It is a well run and efficient organisation, which is as expected given that all members are experienced, senior executives in their own respective organisations and busy people. The administrative support provided by the Executive Officer, backed up by the resources of member organisations, especially through the USGIT, is sufficient to ensure that decisions are made and implemented. Leadership and responsibility are shared, although, as indicated earlier, the central members are local government and the RDBs.

Embeddedness. We have argued throughout this report that the CPG is a strongly embedded organisation in the ways identified by workshop participants as indicators of this requirement.

Monitoring and evaluation. The CPG uses a number of mechanisms to monitor and evaluate its performance with respect to the strategic plan and good business practices. These include regular reviews of the strategic plan (currently in progress), associated reviews of its structure and membership (resulting recently in the addition of the FRACC), ongoing dialogue with stakeholders (especially local businesses and government representatives), and consumer feedback on all forums, workshops, seminars, and the like. The high level of support and commitment of all members and stakeholders to the present study is a sure indicator of the organisation's determination to continue to be effective, responsive, and relevant.

Conclusion

In sum, the Upper Spencer Gulf Common Purpose Group appears to be an example of best practice in intra-regional cooperation involving two or more local governments according to three overlapping sets of process KPIs generated in this study. That it scores well on most indicators in each set strengthens this conclusion. We have identified a few areas of activity in which the CPG could increase its performance, such as marketing, advertising, and public relations beyond the economic arena, and publicly celebrating successes.

Nevertheless, there are a number of qualifications. firstly, because the CPG is still in relatively early stages of development its successes should be seen as early successes. It has some runs on the board, but the innings still has a long way to go. Clearly, though, in process terms, it is heading in the right directions. Secondly, we have not evaluated the CPG's performance according to hard outcome indicators, because it is too early to do so. Thirdly, the process indicators we have identified are at an early stage of conceptual development. As such, they have not yet been defined in precise and measurable terms, nor empirically validated. Fourthly, for the most part, our data are not quantified.

Finally, our conclusion relates to the CPG's focus on economic development at the regional level, especially through enterprise and export development. We have argued throughout this report that this focus has been a major contributing factor to the organisation's success. The
CPG does not currently relate to indicators pointing to community and social development (as these were defined in Chapter 1), other sectors (such as health), or relating regional-level leadership with grassroots community-level participation and initiative. Nor should it given its vision, strategic plan, focus, and priorities. What this means, of course, is that no single organisation can do everything (economic and social) at the regional level and that this should be recognised in performance evaluation models and best-practice reviews.
Chapter 6

Conclusions and Recommendations
This study was undertaken with the overall aim of reviewing the CPG as a model of best practice in intra-regional cooperation. We did not evaluate the CPG’s performance in relation to its vision of turning around the regional economy by 2010 because members rightly believed that it is too early to do so. Other aims were to:

- Describe the establishment, development, structure, and functioning of the CPG;
- Formulate a model to describe its structure and how it operates;
- Situate the CPG amongst other examples of structures established to foster intra-regional cooperation where local government is a key player; and
- Identify the factors that should be taken into account when assessing the transferability of the CPG model to other contexts.

Two additional important outcomes of this study are the formulation of:

- A framework, comprising a set of dimensions, which, after further refinement, can be used to describe and compare instances of intra-regional cooperation; and
- A rudimentary set of key performance indicators, which, after further development, can be used to evaluate process performance of regional development organisations with similar aims to the CPG.

The KPIs presented in Chapter 5 are rudimentary in the sense that it is a first run at this task, drawing on the collective experiences of members and other stakeholders of this particular CPG. We believe that it warrants further development, refinement, quantification, and validation.

Throughout the study, we have tried to answer the question 'What can other similar regions learn from the experience of establishing the Upper Spencer Gulf Common Purpose Group?'. This chapter draws together the information presented throughout the report around this question. Accordingly, it is structured as follows:

1. Review of the descriptive framework presented in Chapter 4;
2. Summary presentation of the CPG model according to this framework;
3. Identification of elements of the CPG’s context that appear to have had major impacts on its success, so that contextual factors can be taken into account when reviewing the model with respect to its transferability to other regions;
4. Summary statement on the CPG as an instance of best practice in intra-regional cooperation in regional development; and
5. Recommendations concerning the transferability of the various elements of the CPG model, the importance of separating implementation from policy and strategic planning, resource implications of the model, further development of the descriptive framework and the key performance indicators, inclusion of other sectors such as human services and health in a common purpose group model, and possible future directions for the CPG.

**Descriptive Framework**

Dimensions comprising the descriptive framework were generated from the case studies reviewed in Chapter 2 and our knowledge of the CPG gleaned from interviews, workshops, and documentation relating to its development. They were then used in Chapter 4 to describe the CPG model. We found that some dimensions could only be identified through an in-depth case study of a regional development organisation such as the one conducted here.
These include aspects of its context, the extent to which it has a market/network mindset, locus of initiative, operational autonomy, locus of control, intra-regional power, and the social embeddedness factors of network capability, legitimacy, and social, technological, and intellectual capital.

The framework proved to be useful in conceptualising the CPG model and comparing it with others. In view of the absence of such frameworks we recommend that the one presented here warrants further development, refinement, quantification, and validation on a larger sample of RDOs. Should it prove robust it can then be used for a number of purposes.

- It can be used as a tool to construct, change and review similar RDOs. As such, it can be used by RDOs themselves as a reflective, participatory action research tool, and by relevant government departments.
- It would be useful for comparing different structures established to foster intra-regional cooperation.
- By treating the dimensions as dependent variables, analyses can be conducted on the factors that are associated with the development of different kinds of models.
- Similarly, by treating them as independent variables, analyses can be conducted of the outcomes of different kinds of models.

The CPG Model

Detailed analysis of the CPG model was presented in Chapter 4. In brief, the CPG is located in a region with a relatively small population compared with the other similar organisations reviewed in Chapter 2. The region comprises three small cities that are in easy reach of each other (and their hinterlands) and are relatively homogeneous industrially, economically, and demographically. The region and each city have clear geographic and political boundaries. These factors probably make it easier to focus on common and similar needs throughout the entire region than would be the case in larger, more heterogeneous, places where a regional development organisation must respond to diverse economic, industrial, and social circumstances.

The CPG was established in the context of major economic threat to the Upper Spencer Gulf as a regionally based attempt to turn around the economy through cooperation between the three cities. It pursues this overall aim primarily by: acting as a peak economic development organisation for the region; facilitating cooperation and partnership development within the region; engaging in strategic regional planning; positioning the region in state, national and international markets; facilitating economic development, access by local businesses to export markets, and investment from outside the region; providing the region with access to information; and building local business capacity. As such, it focuses squarely and directly on economic, rather than social or community development, and on the regional level, rather than smaller, localised communities, or larger, supra-regional areas.

The CPG is recognised by the major regionally based stakeholders (e.g. businesses) and external stakeholders (e.g. central governments, investors and customers) as the legitimate cross-city economic development organisation. This credibility is based substantially on the fact that it is clearly and widely recognised as a regionally owned and controlled, autonomous organisation, with leadership being provided primarily by the three local authorities and the three local RDBs. The CPG was not established by central government, by one or two major local enterprises, or by a group of civic-minded volunteers. The role of
State and Commonwealth Governments has been to support the CPG, rather than to direct or control it. In other words, through the CPG, the primary initiative for development is located, and is seen to be located, in the region.

Structurally, the CPG is an independent, incorporated body, rather than a voluntary association or an extension of government. It is independent in the sense that it is a separate incorporated body. However, it is not a stand-alone organization because it relates closely to other economic development organizations and local authorities in the region and relevant State and Commonwealth departments, and because it is so well embedded in regional networks. The core CPG membership, which is organisation- rather than person-based, comprises the key regional stakeholders in economic development. The CPG has a flat organisational structure, which is not stifled by unnecessary bureaucracy, hierarchical structures, or long, complex lines of accountability outside the region. It operates with a degree of formality at the committee level, which is necessary given its incorporation, and financial and human resource management responsibilities. Nevertheless, there is extensive informal interaction amongst members outside of meetings. There is also clear structural and functional separation between policy formulation and strategic planning and decision-making on the one hand (the CPG itself), and implementation of these on the other (the USGIT). Containing the politics of the sometimes complex and sensitive negotiations between members from the three cities within the CPG itself frees the USGIT to get on with the business of implementing the strategic plan and various projects. This separation also helps the CPG to stay project, rather than politically or administratively, driven.

Despite its clear focus on economic development, the CPG remains ever mindful of the importance of being embedded in the business, political and social networks of the region. It makes good, deliberate use of this embeddedness to maximise its network capability and its access to technological, intellectual, and social capital.

Context

The transferability of the CPG model to other regions is partly dependent on the similarity of the contexts. Contextual factors can be viewed as either:

- Generalisable ones that are likely to occur in many contexts; and
- Those likely to be more specific to particular contexts,

Nevertheless, the distinction between these is somewhat blurred. This is not to say that the existence of context-specific factors means that the CPG model, or particular elements of it, cannot be transferred to another context. What is suggested, however, is that in these situations the model is less likely to be transferable or that adjustments would have to be made before it can be adopted in a different environment.

Generalisable Contextual Elements

Generalisable contextual elements identified in this study as having substantial impacts on the CPG’s establishment, development, and form are:

- A major economic threat to the region;
- Manageable geographic, demographic and industrial/economic contexts;
- Historical dependence on one, or a small number of key enterprises and industries;
• Identifiable economic opportunities;
• Central government support for development of the region through locally driven intra-regional cooperation; and
• Involvement of the tertiary education sector.

Research on regional and community development has confirmed time and again that activity of localised structures and initiatives tends to be episodic, being activated when there is a significant threat (usually economic) and losing momentum once the threat is removed or dissipates (see Cheers and Luloff, 2001). As the Upper Spencer Gulf and Hunter Valley experiences demonstrate, establishment of intra-regional cooperative structures is no exception.

The fact that the CPG is located in a relatively manageable context has probably contributed to its success. The total population of the region is relatively small and contained compared with those covered by other similar structures reviewed in Chapter 2. For the most part, the population and industry infrastructure are conveniently located in three cities. The cities are reasonably close together and located in the same, clearly bounded, geographic and economic region. They also share similar industry bases (resource processing and heavy manufacturing) and have similar economic histories in their dependence on one or two key enterprises and industries. All have been equally affected by significant economic and population decline in the region. The cities also have reasonably similar demographic profiles. In this context, common interests and problems are likely to be more readily identified than in a more diverse and/or dispersed environment, and are more likely to be addressed through a shared industry culture and language.

Within the region, there have been acknowledged economic opportunities, both during the initial establishment of the CPG and later, some of which (such as the Adelaide to Darwin railway) provide long-term, extra-regional partnership opportunities. This is regarded as a generalisable contextual element because few regions are totally devoid of significant opportunities, if only they can be accessed.

Another factor in the CPG’s success has been the willingness of the SA and Commonwealth Governments to support a regionally based, initiated, controlled, and driven cooperative structure. It has been important for central governments to acknowledge that the CPG has needed their support yet, at the same time, that the CPG would direct the process. The nature of this support has been intelligently and strategically provided. It includes, amongst other things, funded positions to drive export development and local enterprise development, a virtual secondment to provide executive administrative support, and establishment and initial leadership of the USGIT through government policy. Such resources are effectively given to the CPG (rather than loaned or provided), so that the CPG controls them. If central governments are to learn one thing from this study, it is that their role is vital, but subsidiary, to the local organisation.

Virtually all regions in Australia have access to the resources of tertiary education organisations within the region. All have TAFE colleges and many now have access to regionally based universities or university campuses. The Whyalla Campus of the University of South Australia and the Spencer Institute of TAFE have made significant contributions to the CPG through, for example, research expertise and access to databases. As noted in Chapter 2, Hunter Valley Common Purpose Group members commented that the University of Newcastle representative’s assistance in conceptualising the issues and the way forward
had been critical to their success. In the Upper Spencer Gulf, at crucial points the education members have provided, from a neutral position, the advice and mediation that was needed to resolve political and economic issues that threatened to fracture the CPG. The importance of this role should not be underestimated.

**Context-specific Factors**

More context-specific factors that have had substantial impacts on the establishment, development, and form of the CPG have been:

- A pre-existing, cooperative attitude on the part of relevant organisations and sectors, based partly on acknowledgement of the failure of intra-regional insularity and rivalry;
- Willingness to commit funds to a structure to facilitate intra-regional cooperation;
- The existing good capacity of local businesses;
- Well-developed networks in the local business sector;
- Pre-existing high social capital and good relationships amongst some CPG members;
- Pre-existing high social capital within the region; and
- The opportunity to learn directly from another successful cooperative response to a similar regional economic threat.

The most critical factor in the formation of the CPG was the willingness of key organisations in the three cities to cooperate for mutual benefit. As it transpired later, this cooperative attitude is also evident within the business community. Although this may well be a factor in many similar regions facing serious economic threat, it is not something that can be instantly generated out of nothing. In the Upper Spencer Gulf, this willingness has been bred through the stark economic facts confronting all organisations and businesses, the shared knowledge that intra-regional insularity and rivalry had been a major part of the problem in the past, the positive relationships between key personnel, and through desperation. This cooperative attitude has been strong enough for the relevant organisations to commit serious funds to intra-regional cooperation through the CPG and, later, for individual enterprises to commit resources, through, for example, the Resource Sector Cluster.

The Upper Spencer Gulf region is fortunate in having high capability amongst resource sector suppliers and well-established networks amongst them, both of which have been built up over several decades of servicing the major resource-processing enterprises in the region. They, too, have been key factors in the early success of the Resources Sector Cluster and various export initiatives.

Another contextual ingredient that cannot be instantly generated is high social capital (trust, reciprocity and norms of cooperation), which has been so crucial to the success of the CPG. From its inception, the CPG was embedded in strong positive professional and personal relationships amongst various members. We were told several stories of situations where members with such relationships could trust to each other's goodwill and/or convince others to do so, especially in the early stages of the CPG's formation. As the CPG developed and initiated various projects, members had found that there was also good social capital in the business networks in the region.

The CPG also benefited from the experiences in the Hunter Valley region, where a common purpose group had been established to manage a similar economic threat. Several elements of the CPG, such as the involvement of local government, local economic development
organisations, unions, the business sector, and the tertiary education sector, were taken directly from the Hunter Valley model.

**Review of the CPG Against Key Process Performance Indicators**

In Chapter 5 we reviewed the CPG against process KPIs developed from the literature review and case studies (Chapter 2), interviews and the workshop. We concluded that the CPG appears to be an example of best practice in intra-regional cooperation involving two or more local governments. A few areas of activity were identified in which the CPG could enhance its performance, such as marketing, advertising, and public relations beyond the economic arena, and publicly celebrating successes.

There are three qualifications to this conclusion. Firstly, the CPG is still in relatively early stages of development. Clearly, though, in process terms, it is heading in the right directions. Secondly, we have not evaluated the CPG’s performance according to hard outcome indicators, because it is too early to do so. Thirdly, the CPG focuses on economic development at the regional level, especially through enterprise and export development. So it does not currently relate to indicators pointing to community and social development, other sectors (such as health), or relating regional-level leadership with grassroots community-level participation and initiative. Nor should it given its vision, strategic plan, focus, and priorities.

**Recommendations**

Our recommendations focus around:

- Elements of the CPG model that have been crucial to its success;
- Their transferability to other contexts;
- The importance of separating implementation from strategic planning and decision making;
- Resource implications;
- Further development of the model descriptors and KPIs; and
- Inclusion of other industry sectors, such as human services (including health) and education, within the scope of a common purpose group.

**Crucial Elements of the CPG Model**

Most elements of the CPG model appear to be transferable to other contexts, although there are some, such as high social capital in regional networks and amongst members, which would be difficult, if not impossible, to create where they do not exist already. Nevertheless, we suggest that elements of the CPG model are more readily transferable to regions with the following characteristics.

- Significant economic threat.
- A population size of around 20,000-70,000.
- A manageable geographic, demographic and industrial/economic context.
- Two or more local government areas that are either adjacent, or readily geographically accessible, to each other.
- Sufficient determination to cooperate.
- A reasonable level of good will amongst most of the major stakeholders.
- Current, or at the very least, emerging economic opportunities.
- A reasonable level of local business capability and infrastructure.
- Central government support for development of the region through locally driven intra-regional cooperation.
- Access to moderate funds.

Some elements, or the entire model, may not be transferable to, or may need significant modification in, other kinds of regions.

A number of elements of the CPG model have been crucial to its success at fostering economic development through intra-regional cooperation. Therefore, with the foregoing proviso, we recommend that they be seriously considered for adoption, with appropriate adjustments, by other regions developing similar organisations. These elements are identified only briefly here because they were discussed in considerable detail in Chapters 4 and 5. For easy reference, they are presented in Table 6.1.

Table 6.1: Key elements of the CPG model

<table>
<thead>
<tr>
<th>Descriptive Dimension</th>
<th>Element</th>
</tr>
</thead>
</table>
| **Structural formality**                          | Incorporation<br>Structural independence<br>A flat organisational structure<br>Relative overall informality<br>Varying formality at different levels:  
  - Management committee – relatively formal<br>  - Implementation team – relatively informal<br>  - Member interaction outside meetings - informal |
| **Funding**                                        | Member commitment<br>Other intra-regional commitment<br>Central government commitment, focused on particular areas of activity and providing some temporal security |
| **Focus**                                          | Region                                                                  |
| **Market/network mindset**                        | Market transactions<br>Networks within and outside the region            |
| **Sector focus**                                  | Economic development, including tertiary education                       |
| **Roles**                                          | Peak regional economic development organisation<br>Facilitating cooperation and partnership development<br>Engaging in, and facilitating, strategic, region-wide economic development<br>Market-positioning<br>Facilitating economic development<br>Providing regional access to information and facilitating information-exchange<br>Building local business capacity |
| **Intra-regional partnership development**         | Providing a structural location for cooperation<br>Facilitating the development of shared agendas<br>Facilitating communication and information flows<br>Mediating intra-regional relationships<br>Creating new partnerships<br>Mobilising existing partnerships<br>Managing competing local interests and tensions |
Table 6.1: Key elements of the CPG model (Contd.)

<table>
<thead>
<tr>
<th>Stakeholder representation in management structures</th>
<th>Core members include:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• political and administrative arms of local government</td>
</tr>
<tr>
<td></td>
<td>• key economic and/or regional development organisations</td>
</tr>
<tr>
<td></td>
<td>• the business sector</td>
</tr>
<tr>
<td></td>
<td>• trade unions</td>
</tr>
<tr>
<td></td>
<td>• tertiary education institutions</td>
</tr>
<tr>
<td></td>
<td>• directly related central government departments (observer status)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Locus of initiative</th>
<th>Local</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operational autonomy</td>
<td>Structural and functional autonomy</td>
</tr>
<tr>
<td>Locus of control</td>
<td>Local</td>
</tr>
<tr>
<td></td>
<td>Subsidiary, supportive role for central government</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Locus of intra-regional power</th>
<th>Mostly fairly egalitarian</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Local government and EDB representatives most central</td>
</tr>
<tr>
<td></td>
<td>Floating power distribution, depending on the issue and project</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Network capability</th>
<th>Horizontal embeddedness in local governance, professional and business networks</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Vertical embeddedness in central government networks</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Legitimacy</th>
<th>Within the region</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Outside the region</td>
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<table>
<thead>
<tr>
<th>Access to social, technological, and intellectual capital</th>
<th>Trust, reciprocity and cooperativeness in relationships and interaction:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Within the common purpose group</td>
</tr>
<tr>
<td></td>
<td>• Between members and external people and organisations</td>
</tr>
<tr>
<td></td>
<td>• In the group’s environment</td>
</tr>
<tr>
<td></td>
<td>Technological capital – infrastructure, including databases</td>
</tr>
<tr>
<td></td>
<td>Intellectual capital – professional expertise relating to regional and economic development, and particular projects</td>
</tr>
</tbody>
</table>

**Structural Formality**

The CPG is a serious, professional, focused organisation, which has the structural flexibility to be action-oriented and responsive to changing local and external market conditions and investment opportunities. It has:

- Incorporation;
- Structural independence from other organisations, including all levels of government;
- A flat organisational structure;
- A less, rather than more, formal way of operating; and
- Three operational levels with different levels of formality – a more formal management committee, a less formal, action-oriented, project-focused implementation team, and ongoing informal interaction amongst members as the need arises.

**Funding**

The CPG attracts adequate financial and in-kind commitment from within the region, especially from member organisations, and from central government. Government support is clearly focused on particular areas of activity, especially business development and increasing exports, and provides some temporal security, at least for the first three years. Overall, the funding base is primarily project- rather than infrastructure-driven. Although adequate, the resource base is ‘lean and mean’, which has helped to keep the CPG focused, energetic, strategic, and efficient.
**Focus**

The CPG has focused squarely on the region, which is clearly identifiable and has widely recognised boundaries.

**Market/Network Mindset**

The CPG has rightly focused on market transactions while recognising the importance of linking with relevant networks within and outside the region, especially business and political networks.

**Sector Focus**

Maintaining a clear focus on economic development through intra-regional cooperation, rather than being sidetracked into community, social or human services development, has been crucial to the CPG's success. Here, economic development includes tertiary education, not only because workforce training is a crucial component of it, but also because this sector attracts considerable financial resources, and human and technological capital to a region. For the same reason, it could be argued that health care and human services are industries in the economic sector in many regions. However, whether they should be included in the purview of a particular common purpose group requires careful consideration. The CPG has not done so, and many study participants commented that this has been a wise decision in view of the importance of maintaining a clear and manageable focus.

**Roles**

This study has identified a number of roles that organisations with similar aims to the CPG might perform to achieve the aim of economic development through intra-regional cooperation.

1. Acting as a peak economic development organisation for the region, including providing a shopfront for it.
2. Facilitating cooperation and partnership development between:
   - CPG members and their organisations;
   - businesses and organisations involved in economic development in the region; and
   - all these and external organisations that can support regional economic and enterprise development.
3. Engaging in, and facilitating, strategic, region-wide economic planning.
4. Positioning the region in state, national and international markets, by:
   - advocating for the region and local businesses with central governments and markets;
   - marketing the region to national and international markets; and
   - developing partnerships between businesses within the region and external investors and market opportunities.
5. Facilitating economic development by:
   - building local business capacity;
   - providing local businesses with access to government support for regional economic development;
   - locating and opening up new markets;
• raising awareness amongst local businesses about export opportunities;
• encouraging them to export;
• connecting them with external markets;
• attracting investment and enterprises to the region;
• providing information to local businesses; and
• developing partnerships.

6. Providing businesses and other organisations in the region with access to information concerning: market, business, economic and population trends; market opportunities; business development opportunities and strategies; sources of advice for business development; local capabilities; and potential partnerships amongst local organisations and between these and others located outside the region. This role includes facilitating information-exchange across the region, and monitoring market, demographic and social trends within the region and in its environment.

7. Building local business capacity by attracting investment and new enterprises to the region, increasing the activity around particular economic and industry opportunities, identifying funding opportunities for business development, workforce training, accessing information, and providing performance feedback.

Intra-regional Partnership Development

This study has identified a variety of roles that a common purpose group can perform to foster cooperation and partnerships within the region (see Chapters 2 and 4). Above all else, such an organisation provides a structural location for cooperation - or, in plain language, an organisation that is responsible for making it happen. In brief, partnership development roles include: facilitating the development of shared agendas; facilitating communication and information flows; mediating intra-regional relationships; creating new partnerships; mobilising existing partnerships; and managing competing local interests and tensions. Strategies used by the CPG include: a membership structure that brings together the key organisational players in economic development within the region; creating designated positions responsible for partnership development; initiating specific projects that have this as their aim; a clear action orientation; a policy of information-sharing; strategic use of consultants from outside the region; including politically and territorially neutral members; and nurturing the relationships and networks within which the CPG is embedded.

Stakeholder Representation in Management Structures

In most regions, the key organisational stakeholders in the region who should be included in a common purpose group are usually fairly obvious. It appears to be crucial that membership is on an organisational, rather than an individual, basis because organisations have the resources and networks that make the group viable, active, and successful. Which particular organisations should be members varies from region to region. Nevertheless, the group should include both the political and administrative arms of local government, the key economic and/or regional development organisations in the region, the business sector, trade unions, tertiary education institutions, and state and Commonwealth governments. Whether central government representatives should have voting rights will vary from region to region, although providing them with observer status has served the CPG well because it confirms that they are subsidiary to the local stakeholders. Preserving the power to co-opt additional members appears to be a useful way of maintaining the focus on projects and accessing particular expertise for them.
Locus of Initiative

Judging from the CPG experience, from its very inception a common purpose group should be, and be seen throughout and outside of the region to be, a local initiative.

Operational Autonomy

It has been extremely important that the CPG is structurally and functionally autonomous from other organisations, including those that are its members, and from central governments. The USGIT has reinforced this separation. Leaving implementation to member organisations would generate confusion, and possibly conflict, over whether the CPG or another organisation is taking the action. Such conflict would focus on whose interests are being served – those of the region as a whole, one city, or a particular organisation.

Locus of Control

A common purpose group should also be locally controlled, with central governments playing a subsidiary supportive role.

Locus of Intra-regional Power

There can be good reasons why strict egalitarianism it is not always the most effective way to go for a common purpose group. Given that the CPG aims at regional economic development through cooperation between three cities, it follows that local government and economic development board representatives should be most central. However, it is also reasonable to expect that the locus of power would float amongst various member organisations depending on which is most central to the initiative or decision at hand.

Network Capability

This study has shown that a common purpose group should be well embedded horizontally in local governance networks, professional regional development networks, and business networks. It should also be vertically embedded in central government networks and external market networks. Three strategies that the CPG used to achieve this were presented in Chapter 4. These are:

- Ensuring that the key people in all major stakeholder organisations are included as members;
- Ensuring that these link the CPG to their own organisations' networks; and
- Ensuring that CPG interaction is embedded in the more encompassing professional and social relationships amongst members characterised by trust, reciprocity, and cooperation for mutual benefit.

While the first and second of these are transferable to other contexts, the success of the last depends on the extent to which such relationships exist.

Legitimacy

Part of the success of the CPG derives from the fact that it is seen as the legitimate regional economic development organisation throughout the region and by external stakeholders. The latter include central governments, investors, customers, and partners.
Social, Technological and Intellectual Capital

To succeed, a common purpose group needs access to substantial technological, intellectual, and social capital. As discussed in Chapter 4, technological capital includes infrastructure, such as databases and information technology, while intellectual capital includes professional expertise relating to regional and economic development and particular projects. Social capital refers to relationships and networks characterised by trust, reciprocity, and cooperativeness within the group itself, between members and external people and organisations, and in the group's environment.

Separation of Implementation from Strategic Planning and Decision-making

A significant innovation in the CPG model is the structural and functional separation of implementation from strategic planning and decision-making, which is achieved through the Upper Spencer Gulf Implementation Team (USGIT). The USGIT brings together the key organisations with the capacity, resources, and networks to drive CPG initiatives forward. Membership of the USGIT comprises the CEOs of the three local governments and the RDBs, together with representatives of the SA Department of Industry and Trade and the two directly related Commonwealth organisations, AusTrade and Invest Australia.

For four reasons, this separation of functions has been crucial to the CPG's success. Firstly, the USGIT provides a structural location for those organisations and personnel with the expertise, resources, and lobbying power to work together to implement CPG strategic decisions concerning directions, priorities, and projects. Secondly, the USGIT ensures that the CPG program is action-oriented and project-driven. Thirdly, the separation has effectively shielded the action from the politics, sensitivities and, at times, delicate negotiations arising from the need to balance cooperation with the principle of reasonable competitiveness between the three cities. Finally, the USGIT also provides a mechanism through which the key central government departments can make real contributions to the CPG and economic development in the region, while, at the same time, preserving regionally based ownership, control, and initiative. We recommend that other common purpose groups should consider this kind of structural and functional separation.

Resource Implications

The CPG derives the majority of its funding from the three member city councils. Additional direct funding has come from the Commonwealth Government (through AusTrade and Invest Australia) and the SA Government (via Partners in Rail and the Department of Industry and Trade). Each of the three participating local governments contributes $20,000 per annum as base funding. Additional in-kind resources have been contributed by DIT through the provision of an Executive Officer, by the University of South Australia, Whyalla Campus and the Spencer Institute of TAFE through use of their facilities for workshops and other purposes, and by private enterprise (e.g. to support the establishment of the Resources Sector Cluster). All member organisations have made in-kind contributions to the work of the CPG through the release of senior officers to enable them to participate in the activities of the CPG and the USGIT.

To date there has been a significant return on these relatively limited resource allocations. These include the appointment of an Enterprise and Development Officer and an Export Development Manager, the CPG-commissioned report 'Making a Case: Investment Potential
in the Upper Spencer Gulf, establishment of the Upper Spencer Gulf website, development and incorporation of the Resources Industry Cluster, sponsorship of a delegation of 14 regional businesses to attend the 2001 NT Expo (and the award of Best Interstate Exhibit at the Expo), and the development of a formal arrangement between the three Upper Spencer Gulf cities and the City of Palmerston, NT.

As commented earlier, the ‘lean and mean’ resource base has benefited the CPG. Nevertheless, we recommend that a detailed examination of future financial and human resource and executive support requirements of the CPG and the USGIT should be undertaken as a matter of priority. Obviously, this review should occur in the context of the parameters of the strategic planning and project requirements determined, in the first instance, by the CPG Board.

Another issue for further consideration is the concern expressed in a number of interviews about the need to retain money in the region. Traders in each of the three cities are experiencing increasing competitive pressures from Adelaide-based retailers. One respondent cited an estimate that most of the approximately $90 Million generated in 2001 by the grain industry located in the Port Pirie Regional Council area was returned to financial and commodity-broker services located on the eastern seaboard of the continent.

Rural and regional communities across Australia have also been confronted by these realities and strategies, such as the creation of community banks and the generation of ‘buy local’ promotions, both of which have been developed in an attempt to retain a higher proportion of business activities within the local area.

Consequently, we recommend that the CPG and its stakeholders formally consider the ongoing resource requirements of the CPG and strategies to increase the amount of investment capital that is available locally. We also recommend that other common purpose groups establish formal resource agreements with their funding sources and that they source the majority of their operational resources from local stakeholders.

**Development of the Descriptive Framework**

The framework of descriptive dimensions presented in Chapter 2 was generated from our analysis of the eight cases found in the literature and the common purpose group in the Hunter Valley region. All cases were instances of an organisational structure established to foster cooperative development within a region comprising two or more local governments. The framework is limited to such structures.

As far as we are aware, this is the first such review to be reported in the literature. The framework has proven to be useful in conceptualising the CPG model and, to a degree, explaining the early success of the CPG. We recommend that, following further development, such a framework would be a useful tool in research focused on:

- Detailed comparison of different cooperative structures;
- Explaining why different regions adopt different models; and
- Measuring and explaining the relative success of different models in achieving cooperative development.

Refinement of the framework would involve: clearer and more precise definition of the dimensions; a less stringent search of the literature than was conducted here to identify
Development of the Key Performance Indicators

Although a more extensive search than was possible in this study should be conducted, it appears that the lack of indicators of process outcomes for regional development organisations such as common purpose groups is a significant gap in the literature. There are plenty of well-developed indicators for hard economic and population outcomes, such as employment, income levels, and exports. However, as discussed in Chapter 1, these may not be valid direct measures of the success of such organisations in achieving their aims. The more difficult question is how we might measure their success in achieving intra-regional cooperation, which is, after all, their particular contribution to regional development. We have made a start on this question in the present study, although we do not claim that our indicators are definitive, highly sophisticated, empirically validated against a number of organisations, or, at this stage, quantifiable.

We strongly recommend that a detailed, sophisticated PEM for process performance of regional development organisations aimed at fostering intra-regional cooperation should be developed. This could then be integrated with hard outcome indicators into a comprehensive PEM. Many such organisations have been created and they are a key component of regional development policy in Australia and overseas. Clearly, successful development of regional Australia depends on their effectiveness. A sophisticated PEM would have many additional uses as a research tool. Most obviously, it is needed for organisational evaluations, whether conducted by governments, consultants, or by regional development organisations themselves using participatory action research methods. A PEM is also needed for research aimed at explaining the relative success (and failure) of different organisations and organisational models, and for investigating relationships between process outcomes and the hard regional development indicators.

Our rudimentary KPIs provide a starting point. Further refinement would involve a more extensive literature search, increased conceptual sophistication and precision, validation against empirical data, quantification, and instrument construction.

Extending the Scope of Common Purpose Groups

To this stage in its development, the CPG has deliberately confined its scope to industries associated with resource processing, as shown by its success in establishing a Resources Industry Cluster. Nevertheless, we recommend that the CPG consider extending its scope to include the health care sector (which goes beyond the delivery of medical services) in its future planning as this is another mature industry within the region, which, although valuable in itself, also has great potential for wealth creation. Health care generates techniques, products, and processes with applications across a range of areas. The Upper Spencer Gulf has significant private and public investment in hospitals, aged and Indigenous care facilities and, through a range of health care service providers, the health care industry is a significant employer.

More recently, the region has become home for some significant health initiatives including the establishment of South Australian Centre for Rural and Remote Health (SACCRH) and
its associated Spencer Clinical School (which have created over 40 new jobs in the region in the past three years). In addition, the University of South Australia has established an off-campus nursing program, which is the first university-level nursing program to be available in Australia via flexible delivery. The Spencer Institute has established a national presence through its delivery of aged care and enrolled nurse programs in Queensland and Tasmania as well as regional South Australia, and the Pika Wiya Indigenous Health Centre has been established in Port Augusta.

In a word, health care has considerable potential as an industry with competitive advantages for the region. We recommend, therefore, that the CPG develop a health care industry cluster or a Health Action Zone, as has occurred in comparable regions in England. Health Action Zones build on the existing service-orientated local health infrastructure and form the various sectors into health care industry clusters. Health is a major employer in the region and a knowledge-based industry with ongoing requirements for professional and industrial upgrades of knowledge, skills, and training. Within the region, health is an existing, mature industry that is currently struggling to remain competitive because of difficulties in attracting and retaining suitably qualified staff and maintaining sustainability through matching services with changing demands (e.g. aged care).

Current strengths within the sector include existing (if uncoordinated) linkages between the three South Australian universities and health care activities within the region, and generation through these linkages of significant expertise in regional and remote health. The potential benefits are numerous. They include improved community health, increased employment (particularly for locally-trained and recruited staff), and the potential for locally developed process and technical innovations adding value across a range of areas. Viewed from this angle, the health care sector is valuable in its own right and has good potential for wealth and export creation.

We also recommend that other common purpose groups should assess their industry base to identify additional industry sectors as potential sources of competitive advantage for their regions.

The Future for the CPG

The CPG is established and has sufficient momentum to continue into the future. However, it is too soon to tell whether it will be sustained in the long term, either as it is now or in a modified form. When asked for their predictions, participants in this study identified a number of issues facing the group and offered various future scenarios. All of them admitted that their scenarios were speculative and that they could not predict the future with any confidence. Nevertheless, they were confident that the CPG would continue for the foreseeable future.

Issues identified as threatening the long-term viability of the CPG include:

- Reduction of the threat that led to the formation of the Group by successfully reversing the economic and population decline in the region;
- Loss of support from regionally based stakeholders and withdrawal of central government support as the threat decreases;
- Turnover of CPG members, with resulting dissipation of the networks and relationships in which the organisation is embedded;
- Implosion from within through a return to inter-city rivalry and insularity; and
- Loss of momentum within the CPG itself as projects are established, multiply, and gather their own momentum.

Significant economic turnaround to the point where it might make the CPG redundant in its present form is a long way off. There are currently no indications that regional support for the CPG will be reduced in the foreseeable future. Changes to regional government policy cannot be predicted, although there are no indications that support from SA and Commonwealth Governments is about to be reduced.

The CPG is currently experiencing membership turnover, although there is sufficient stability to ensure continuation of the organisational culture. In any case, the policy of organisational, rather than individual, membership provides some protection from significant disruption from personnel turnover and preserves the CPG's embeddedness in the networks and relationships emanating from member organisations.

The CPG appears to have successfully negotiated and survived several potential internal disruptions, to the point where confidence has been built up that it will continue to manage these in the future. While it is always possible that an issue could arise that may fracture the Group, it gets less likely as the CPG matures.

Amongst all the threats identified by participants, loss of momentum is perhaps the strongest in the long term. How this might be handled is discussed below.

**Possible Future Scenarios**

We see no reason why the CPG (including the USGIT) should change its general directions, plans, structure, or operations in the short-term. The recent inclusion of the Flinders Area Consultative Committee ensures that all the key organisations involved in the economic development of the region are members.

Study participants suggested a number of long-term scenarios for the CPG, including:
- Eventual disappearance as the economy turns around;
- The CPG losing momentum, eventually becoming a spasmodically attended, symbolic committee;
- Continuation in its present form, with the energy being maintained through new projects, initiatives and opportunities;
- Continuation of the CPG at a lower level and increasing its activity as the need arises, with the USGIT continuing its present role.

Assuming continuation of at least the current level of financial and in-kind support, continuation of the CPG in its present form or at a lower ongoing level seem to be the most likely long-term scenarios. The bottom line is that the CPG should definitely continue because it has revolutionised relationships between the three cities from rivalry and, at times, hostility to effective cooperation balanced by reasonable competitiveness between them.

*Continuation of the CPG in its present form will probably eventuate in the short to medium term in response to emerging new opportunities for the region, which will keep it alive and energetic.*
In the fourth scenario, the CPG would continue with its present organisational membership, though at a lower level of activity. Meetings would be less frequent and be devoted primarily to monitoring projects, continued strategic planning, financial and human resources management, and maintaining the social capital amongst the membership. In this scenario, various projects would continue to be initiated in accordance with the CPG’s strategic plan, and in response to new opportunities. The USGIT would maintain its current level of activity and operate generally as it does now.

In this scenario, the CPG would re-gather energy and momentum (be 'resurrected') in response to new threats to, and opportunities for, the region, whether these arise from economic issues, market or investment opportunities, changes of government policy, inter-city rivalry, problems with particular projects, or tensions within the CPG itself. This would be in keeping with the regional development literature indicating that cooperative structures and energy ebb and flow according to the level of threat to the region. However, to continue, even at a lower ongoing level, the CPG needs to have things to do and to maintain its legitimacy both within and outside the region.

For the foreseeable future, there appears to be much to do to continue to implement the strategic plan and respond to some exciting emerging opportunities. The danger here would be to leave it all to the USGIT. Maintaining legitimacy outside the region means that the CPG must actively maintain its links with central government and its partners, always being on the lookout for new ones. Maintaining legitimacy within the region means continuing to be, and be seen as, the peak cross-regional economic development organisation. This requires maintaining its public visibility. The CPG is already doing this in number of ways, through, for example, the Resource Industry Cluster, the supplier-customer forums, and various lectures and seminars in collaboration with the University of South Australia and Spencer Institute of TAFE. Public celebrations of economic and business successes of the CPG and the region more generally, such as the Export Awards Dinner, are also important ways of maintaining intra- and extra-regional legitimacy and visibility, and maintaining enthusiasm for the Group’s vision. We suggest that the CPG consider increasing such celebrations, continuing to ensure that they receive wide media coverage.

**Conclusion**

Although it is too soon to tell whether the mission of the CPG (to turn around the economy and population decline by 2010) will be accomplished, the Upper Spencer Gulf Common Purpose Group seems to be achieving its aim of fostering intra-regional cooperation for economic development extremely well. It has, in effect, turned around the relationships between the three cities with respect to economic development from insularity and rivalry to cooperation balanced by the principle of reasonable competitiveness. According to these process indicators, which arguably represent the true measures of success of the CPG, at least at this stage, it appears to have done well. As such, then, we suggest that the Upper Spencer Gulf Common Purpose Group presents a model of best practice in intra-regional cooperation in situations where two or more local governments are key players.

Other similar regions considering developing an organisation with similar aims would do well to study the CPG model in detail, with a view to adapting it to local conditions. Contextual factors that need to be taken account, and the relative transferability of various elements of the CPG model to other regions have been identified in this chapter.
It is also suggested that the process KPIs generated in this study and the framework for analysing such organisations be further developed for research and evaluation applications and for monitoring their progress by the organisations themselves, funding bodies, and consultants.
References


Websites

http://www.cwp.org.uk/home.htm
http://www.edanz.org.nz/what_we_do/body_what_we_do.html
http://www.upperspencergulf.com
Appendices
Appendix 1: Interview Guide

Establishment

1. Why it was established

2. History of the region leading and relating to its establishment – political (local, State, Commonwealth), economic, industrial, geographic, social, other

3. The process of its establishment – process, stakeholders, agendas, stakeholder motivations, interaction, structures, etc.

4. Why it was established in this way

5. Other aspects of the context – political, economic, industrial, geographic, social, legislative, administrative, other – local, regional, state, national, global

6. Opportunities and constraints on establishment

7. The CPG on establishment
   - Visions, goals, objectives
   - Structure
   - Resource/funding base
   - Stakeholders – agendas, motivations, interaction, etc.
   - Process – including politics
   - Relationships with the environment
   - Relationships with stakeholders
   - Information provision/publicity
   - Strategies
   - Projects

8. Strengths and weaknesses of the CPG on establishment
History

1. How it has developed since its establishment
   Visions, goals, objectives
   Structure
   Resource/funding base
   Stakeholders – agendas, motivations, interaction, etc.
   Process – including politics
   Relationships with the environment
   Relationships with stakeholders
   Information provision/publicity
   Strategies
   Projects
   Outcomes

2. Why has it has developed in this way – including politics, environment, etc.

3. The changing context during its establishment – political, economic, industrial, geographic, social, legislative, administrative, other – local, regional, State, national, global

4. Opportunities and constraints – including how they have changed over time

5. Strengths and weaknesses of the CPG – including how they have changed over time

Upper Spencer Gulf Common Purpose Group
The Present

1. Visions, goals, objectives, etc
2. Structure
3. Resource base
4. The present context – political, economic, industrial, geographic, social, legislative, administrative, other – local, regional, State, national, global
5. Stakeholders, agendas, stakeholder motivations, interaction, etc.
6. Relationships with the environment
7. Relationships with stakeholders
8. Information provision/publicity
9. Opportunities and constraints
10. Projects
11. Process - including politics
12. Strategies
13. Current strengths, weaknesses
Issues (Establishment, Past, Present)

( political, economic, industrial, geographic, social, other – local, regional, State, national, global)

1. What they were/are
2. Which were/are being addressed – why?
3. Which were/are not being addressed – why not?
4. How they were/are being addressed/resolved – why they were/are being addressed/resolved in these ways
5. Assessment of the extent to which the were/are being successfully addressed/resolved
Frameworks (Establishment, Past, Present)

1. Frameworks that participants had/have in mind in the past and the present. These may well have changed for particular participants over time. This is an attempt to get at the 'models' that participants had/have in mind as they see them.

2. Why they have/have had these frameworks in mind

3. Where they got them from
Perceived Clients

1. Who they have been
2. Who they are
3. How they have changed over time
4. Why these are perceived to be the clients
Sources of Contextual Information

1. What they have been
2. What they are
3. How they have changed over time
4. Why these sources are used
Performance Appraisal

1. Performance indicators – identification
   definition
   measurement (only in general terms at this stage)

2. Frameworks underlying these – the participant will have some
   concept/model/framework for the CPG in mind that is informing their perceptions
   of performance indicators

3. General evaluation of the CPG’s achievement of indicators – past, present

4. Strategies to improve its performance
The Future – A. How the participant thinks the GPG will develop in the future
B. How the participant thinks it should develop in the future

1. The likely future context – political, economic, industrial, geographic, social, legislative, administrative, resources, other – local, regional, state, national, global

2. Future opportunities and constraints

3. Future sources of contextual information

4. Future information provision

5. Future stakeholders, agendas, interaction, etc.

6. Relationships with stakeholders

7. Visions, goals, objectives, etc

8. Structure

9. Resources/funding

10. Process - including politics

11. Strategies

12. Future strengths and weaknesses

13. Projects

14. Frameworks

15. Perceived future clients – who they are likely to be why?

16. Future issues – political, economic, industrial, geographic, social, other – local, regional, State, national, global
   What they are
   Which are being addressed – why?
   Which are not being addressed – why not?
   How they are being addressed/resolved
   Why they are being addressed/resolved in these ways
Overall Assessment of CPG as a Best-practice Model of Intra-regional Cooperation in Regional Development

1. Assessment – positive aspects
   negative aspects
2. How the participant has arrived at this assessment
3. What would need to be different for it to be a best-practice model?