SERIOUS BUSINESS BEYOND TOURISM: ATTRACTING AND RETAINING HIGH VALUE LOW IMPACT INDUSTRIES TO REGIONAL ECONOMIES

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ABSTRACT: This paper identifies and discusses six challenges of a global knowledge-based economy for regional areas based on the experience of Noosa Shire in southern Queensland, Australia. The challenges pertain to: 1) realistic perspectives within the wider Australian and regional economies, 2) redirection away from traditional approaches regarding co-location and product orientation, 3) creation of cross-industry/sectoral innovations and networks, 4) building on current strengths and moving them upstream or downstream from the traditional value chain, 5) the advantages of high-value/low-volume/low-impact/low-effort new business opportunities, and 6) building the evidence base that is required for high-value/low-volume/high-yield/low-impact economic growth. Networks of cooperation within and between regions are essential for provincial areas that are highly dependent on small business enterprises.

1. INTRODUCTION

Two key issues are dramatically influencing the economic future of regional Australia. The first is the global trend for decision-making to be devolved to local and regional levels of government and the emerging body of theory and policy relating to this trend (Commonwealth of Australia, 2003; Sheil, 1999; Rainnie and Grobbelaar, 2005). This is primarily a realignment of responsibility that is not always accompanied by a realignment of power and control. It places local government and local communities in particular, in a radically new position of having to take more responsibility for economic outcomes. This trend is emphasised in terminology such as 'community capacity building' (Mowbray, 2004, p. 11), 'self-reliance' and 'sustainability', that now pervade Australian Federal Government Programs.

The second trend dramatically influencing the economy of regional Australia is the emergence of the 'new economy', an economy that no longer has geographical co-location as a key pre-requisite of economic success. The

mobility and connectivity of individuals, skills, professionals, commodities and industries has been radically improved by the technological revolution.

This paper provides a regional example of how to identify relevant opportunities that are in keeping with the community's identity and vision, to realise the potential benefits of a knowledge-based economy that fosters generative, as opposed to redistributive, growth (Cooke, 2001, p. 22) through:

- a realistic evaluation of the current situation;
- a creative approach to networking, communication, exchange, and virtual alliances;
- harnessing and supporting existing talents via networking for cross-industry/cross-sectoral innovations;
- creating new markets and new businesses from existing strengths;
- identifying high-value/low-volume/low-impact/low-effort new business opportunities that harmonise with current economy; and
- championing research and development of high value/low volume/high yield/low impact growth.

Noosa Shire, the example region, is situated approximately 150 km north of Brisbane and encompasses several small hinterland townships (eg Kin Kin, Cooran, Pomona) and slightly larger seaside settlements (eg Noosa Heads, Sunshine Beach, Peregian). It maintains a population cap to limit its population growth and to retain its strong environmental ethic and cultural character. Protected areas, lakes, and vacant crown land constitute approximately 35 percent of its area. Building regulations limit buildings to four stories and roundabouts rather than lights channel traffic. Property and business services, construction and manufacturing are the main contributors to the gross regional economy but health and community services, cultural and recreational services, personal and other services and education are experiencing the highest growth rates. Small businesses with fewer than 20 staff constitute 95 percent of businesses with the knowledge industries contributing seven percent of gross regional product (Noosa Council, 2004).

2. GLOBAL AND COMMUNITY NEXUS

Marangos' (2003, p. 56) discussion of politico-economic models of transition between socialist and market economies note the gradual approach of Post-Keynesian theorists that recognise the complexities of changing institutional and organisational thinking and behaviour. This recognition of complexities of individual and institutional interaction, and institutional response times, is relevant to change from a traditional co-located economic base to a knowledge-based economy. The private sector, without the support of public policy in regional areas, is limited in its ability to develop a knowledge-based economy or economies of scale, economic recovery, or transition to the new economy (Courvisanos, 1999, p. 45). Strategic thinking together with wisdom and insight can speed up the transition process by clever use of knowledge to reduce opposition to regionally relevant development.

Mowbray (2004, p. 19) maintains that there is a fundamental role for local

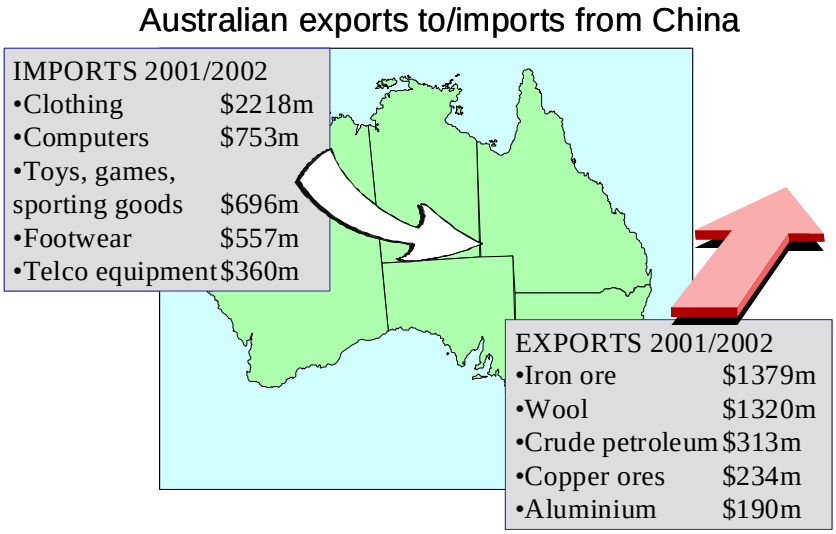
government and a need for socio-economic reform. However, outcomes of Victoria's Community Capacity Building Initiative have had limited impact on substantive empowerment in relation to politically contentious issues and distribution of wealth (Mowbray, 2004, p. 17). To identify challenges for regional communities in their transition to the new economy, Noosa's Community Sector Economic Board initiated research activities that included focus groups, face-to-face discussions with community members and stakeholders and community forums in the Noosa Shire, Queensland (Noosa Council, 2002, p. 1). The Board conducted 600 face-to-face discussions with stakeholders on the draft plan. The Board's objective was 'to devise a mechanism that provides a local community focus for outside interests, drawing on Noosa's 'lifestyle economy' (p. 19).

The increasing pressure on local government to take a more proactive leadership role in economic development is coming from several directions. External factors include the growing devolution of responsibility by the Australian Federal Government; the strengthening of public accountability and governance; the growth of information technology and an increasingly mobile workforce and industries; the blossoming of the service industries and their associated high value professional cohorts; and the exodus of talented and experienced baby boomers and X-generation families from city life in search of a better quality of life and work/life balance (Noosa Knowledge Economy Partners, 2002). The internal factors pressuring local government for more leadership in economic development relate to the more educated demographic; the universal adoption of sustainability as a major objective of local governance (Vasiliauskas, et al., 2005, p. 288); community's demand for greater control over their own destiny; and better performance standards from locally elected representatives. Addressing these factors, however, represent major challenges for local governments, industries and community stakeholders.

3. THE AUSTRALIAN ECONOMY IN THE THIRD MILLENNIUM

It is tempting to declare that the cliché of *'Australia riding on the sheep's back'* is over now that the information economy is with us, but this is a fallacy. Australia remains an exporter of *'rocks and crops'* (Robinson, 2004) and by most definitive measures, is lagging in the cultural and business changes necessary to build a sustainable modern economy.

Figure 1, based on Australian exports to China in the financial year 2001/2002, highlights the commercial culture of Australia and the Australian economy. The 2002/2003 pattern is very similar with Australia exporting commodities that have very little intellectual input and importing higher value-added products. Robinson declares that *'with a buoyant world economy, and stronger consumer demand, put simply, Australia is simply sucking in increasing levels of high value imports and the resources sector, is just running out of puff, hindered because it is essentially a high volume producer of low value commodities and Australia is located far from most world markets'* (2004, p. 2).



Source: Department of Foreign Affairs and Trade, Australia/China exports and imports 2002 www.dfat.gov.au/trade/downloads

Figure 1. Example of Australia exporting 'rocks and crops' and imports 'value added commodities'

Furthermore, Scott-Kemmis suggests that Australia has failed to develop critical mass in an emerging field like '… *telecom in Finland and Sweden; oil in Norway; semi-conductors in Korea and Taiwan; and motor vehicles in Germany*', but relies on '… *specialised industrial structures and technologies (mainly in mining and agriculture) with strong "path-dependencies" and slow technological change'* (2004/2005, p. 56). Indeed, Philipson suggests that in terms of e-readiness (a measure of the extent to which a country's business environment promotes internet-based commercial opportunities), Australia has dropped from 2nd in the world in 2001 to 12th in 2005 and has been referred to by the Economist Intelligence Unit as experiencing *'stagnation and slow development'* (2005, p. 18).

Yet some regional areas reliant on primary industry and manufacturing and a narrow range of activity, have limited capacity to cope with transition to the 'new' knowledge-based economy (Courvisanos 1999, pp. 46, 48). If support is withdrawn prematurely, '*capacity can be depleted'* (Simpson, Wood and Daws, 2003, p. 284). The Tasmanian government, recognising decline in its traditional economy, championed information technology resulting in new industries such as Incat being able to operate globally and become world leaders in fast catamaran ferry boats. Courvisanos (1999, pp. 52, 58) recommends that policies focus on process and dissemination, *'process innovation*; rather than traditional products and commodities, *'product innovation'*.

Ironically, Scott-Kemmis suggests that, despite our poor track record in technological innovation, our innovation comes largely from using and adapting or adding value to and/or integrating core technologies and/or systems and resources leading to a national stereotype of core competencies as *'system integrators'*: and that Australia is *'…good at project management, integration of heterogeneous systems, risk and financial management, logistics, problem solving and adaptation of particular circumstances'* (2004/2005, p. 56). To gain competitive advantage from this foundation, regional areas must intensify their *'direct and indirect capabilities for knowledge intensive production, enhanced productivity, innovation, and new firm formation'* (Cooke, 2001, p. 22). They should integrate *'…. local firms in global technology network'* while embedding *'…global firms in local technology networks'* (Parker, 2004, p. 307).

The first challenge for regional economies is to be realistic about the current state of both the Australian and regional economies. Although Australians are good improvisers, there is much to understand and to do to become genuinely globally competitive. The South East Queensland state and local governments are attempting to face this challenge. The regional plan for South East Queensland infrastructure and services is based on the 'Smart State' strategy comprising innovation, new technology and learning, but also comprises co-location of infrastructure while maintaining and improving existing assets (Queensland Government, 2006).

4. THE CHANGING MINDSET IN THE NEW ECONOMY

The 'rocks and crops' mindset reflects the extent to which economic thinking in Australia is embedded in the traditional economic model (see Figure 1); one where innovation emerges from geographic co-location and economies of scale create competitive advantage. Whilst history and Australia's wealth of natural resources have made this a safe strategy to date, the global economy has moved significantly and rapidly forward since 1971 when Intel created the first microprocessor, the 4004-chip.

The microchip heralded the digital economy, where product innovation became the primary source of competitive advantage. Once computerisation of tasks and tools became commonplace, the ability to use these new products to create virtual alliances heralded a new economic model; geographic co-location was no longer a pre-requisite to economic viability or to economic success (Parker, 2004, p. 294). Successful organisations could gain significant economies of scope by establishing virtual alliances, and through this the innovators came to realise that the new commodity driving economic success was not products or services but the 'real-time exchange of information and knowledge' (see Table 1). In the knowledge economy, rapid exchange and sharing is the innovation that is delivering a competitive advantage. This occurs through the speed of access to, and rapid uptake of, collective experience, wisdom and insight.

Historically, the relationship and the ratio between labour and capital costs have been key drivers of economic management. The knowledge economy makes significant and fundamental changes to this relationship. Whereas the

traditional economy was often most successful by making large investments in equipment and capital assets, referred to as *'capital deepening'* (see Kumar and Russell, 2002), the knowledge economy shifts the ratio back towards investments in human and intellectual capital. This turnaround has elevated the notion of harnessing the skills and talent of people and/or communities (virtual or geographic) as a re-emerging driver of economic success (Kearns, 2004). Ironically, but understandably, human capability and talent has been liberated by the computerisation of the routine. Venturelli expresses it as *'… the source of wealth and power, the "gold" of the information economy, is found in a different type of capital: intellectual and creative ideas packaged and distributed in different forms over information networks'* (2004, p. 13).

Table 1. The preferred balance between volume, value, yield, impact and effort

Maximum return on investment with minimum effort and impact				
volume	**value**	**yield**	**impact**	**effort**
low	high	high	low	low

These information networks through regional innovation and learning systems, provide linkage and leverage opportunities (Cooke, 2001, p. 23) that stimulate regional development and growth by the *'integration of local and global value chains'* (p. 28). By linking knowledge and learning to existing strengths together with leadership, vision, networking, and fostering positive social environments it is possible to create clusters of success (Cooke, 2001, p. 26). Cooke (2001, p. 30) provides an example of a successful cluster, the wine industry in South Australia, which demonstrates generative growth through cooperative knowledge applications. Parker recognises the State's role in facilitating regional development through *'…. linking local and global technology networks by embedding global business in local and regional economies and by facilitating the integration of local business with global technology network'"* (2004, p. 296).

A second challenge for regional economies is to redirect economic approaches away from the traditional notions of co-located product-oriented industries with artificial boundaries. These should be replaced by the ability to network, communicate, exchange information, knowledge and ideas, thus creating virtual alliances.

5. KNOWLEDGE AND THE CREATIVE ECONOMY

The interest in human potential as a key commodity in the new economy has been making headlines throughout the world since the emergence of Richard Florida and his theories in 2002 (Florida, 2002). Here again, there is a long history of the importance of creativity and knowledge in delivering commercial and political success, commencing as a systematic discipline in the United States in the 1950s following the 1957 launch of the Soviet sputnik (Parnes and Harding, 1962).

Florida's work has revived an interest in the power of creativity to underpin a

successful economy spawning a whole genre of theorists. Typically, they challenge decision makers, who want a powerful economy to focus on human potential. For example, Christensen, Anthony and Roth (2004, p. xvii) want to encourage disruptive innovations that '*create new markets or reshape existing markets'*. Similarly, Kim and Mauborgne (2004, p. 7) recommend creating new market space that is uncontested, that captures new demand, and reinvents existing business sectors.

Interestingly, the development of Silicon Valley, probably the most often quoted global example of a regional economic success, would not have been possible had it not been for the early cross-industry and cross-sectoral collaboration between the nearby Stanford University, the U.S. Department of Defence (Naval Air Station Moffett Field, home of the U.S. experiments with dirigibles), and local industries during a time of considerable regional economic pressure. It was in response to Stanford University's financial problems around the mid-twentieth century that Professor Fred Terman of Stanford University's Department of Electrical Engineering leased parts of the University to high tech companies for 99 years. This is generally considered to have been the catalyst of the computer revolution that lead to Silicon Valley, and the beginnings of a model of co-locating business incubators and Universities that has persisted ever since (Santa Clara County, 2005). Silicon Valley now accommodates a broad range of high-tech industries including communication and biotechnology enterprises, which network directly through learning and research institutions.

This highlights a third challenge for regional economies: to create an environment that encourages the harnessing of the resident *'talent pool'* (industries, skilled professionals, local government, educational organisations) and to encourage and support them through facilitated networking cross-industry and cross-sectoral innovations.

6. THE VALUE CHAIN: THE VALUE CYCLE

The emergence of human talent as a renewed and reinvigorated driver of economic success causes a re-evaluation of economic dogma. Businesses have been systematically analysing their processes since the definitive work of Deming in the 1950s (Walton, 1989, p. 12), but it is Porter who is usually credited for creating the notion of the "value chain" (Porter, 1985, p. 33). Porter's concept of the value chain, as the internal chain of activities that a firm performs, was important in its day, but it is severely limited in the modern economy. Porter's error was to see value as something added in an internal process rather than as a perception of the consumer, or of the marketplace.

Today, human talent and insight create competitive advantage upstream and downstream from Porter's value chain. Important new economic sectors; professional skills; and industries based on human talent, professional services and business support; have emerged in what is now better referred to as the value cycle (see Table 2). '*Knowledge activities do not follow a linear trajectory, ….interaction between firms and other institutions is a key element of the learning process associated with Knowledge intensive activities'* (Parker, 2004, p. 299). Business success and competitive advantage are no longer simply the

result of good internal processes.

Table 2. Innovation and competitiveness in developing the new economy

	Stages	***Source of Innovation***	***Competitive Advantage***
Economies	**Traditional**	Co-location	Economies of Scale
	Digital	Technology	Product Innovation
	Information	Virtual Integration	Economies of Scope
	Knowledge	Learning Communities	Wisdom and Insight

Courvisanos (1999) recommends examination of *'… ways to reinvent established industries in a way that can take advantage of the new trajectory'*. This is reinforced by Smith's (2004, p. 44) assertion that *'… internal transformation of what already exists [via] … continuous technological upgrading, [which] … rests on complex innovation systems that create, distribute and maintain advanced (often basic scientific) knowledge'* (p. 59). McCall (2003, p. 103, 105) proposes asset mapping that recognises individuals and relationships, in order to determine capacity in terms of human, social, economic, and ecological conditions.

The fourth challenge for regional economies then, is to encourage new industries by harnessing the skills in existing industries, moving them upstream or downstream from the traditional value chain, by creating new markets and new business opportunities from existing recognised strengths.

7. HIGH VALUE-LOW VOLUME THINKING

Traditionally, commerce has been volume and growth driven. This is despite the fact that at least one leading World Bank economist has argued since the early 1970s for a more sustainable and environmentally sensitive model (Daly, 1996). Fortunately, the notion of sustainable or quadruple bottom line economic growth is now widely accepted and promoted by all levels of government in Australia. The economic equation around volume and value now has five key components: volume; value; yield; impact; and effort. In an ecologically sustainable model the ideal economic strategy will create maximum return on investment, with minimum impact on the environment and with minimum effort.

All economic sectors have low-volume/high-value opportunities. Services provided through human talent upstream or downstream from the production process (see Table 2) can, in general, be provided with low impact, low effort and high yield. For instance, the knowledge acquired through long-established local industries can find a new market opportunity through marketing and promoting the intellectual property associated with the operation and management of such businesses.

In general there are five main sources of low-volume/high-value business opportunities:

- Some local industries have an opportunity to upstream their skills base to produce new products and market opportunities;
- Some low-volume/high-value products with limited availability are

highly sought after (e.g. Norwegian salmon, French champagne, Tasmanian abalone);

- Some industries/sectors are high-value/low-volume (e.g. communication, finance and insurance, knowledge (Figure 2));
- Some professions are high-value/low-volume (e.g. financial consultants, knowledge workers, executive managers, business consultants); and
- All value chains have low-volume/high-value stages (e.g. upstream and down stream pre-and post production media executives).

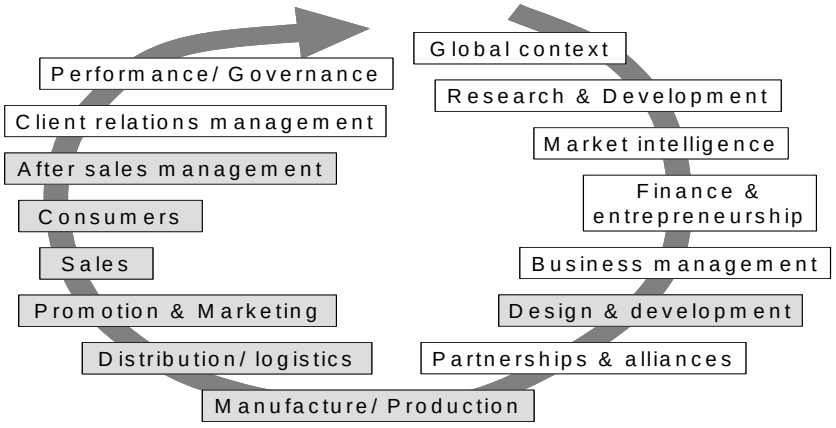


Figure 2. The "value chain" (shaded) has become the "value cycle"

A fifth challenge for regional economies is to recognise and take advantage of the high-value/low-volume, low-impact/low-effort new business opportunities within most regional economies. The challenge for regions is to identify which of the five main sources identified above harmonises best with their current economy and future directions.

8. HARNESSING HIGH-VALUE/LOW-VOLUME ECONOMIC OPPORTUNITIES

Given the high concentration of small businesses in Noosa Shire, and more generally in the local region of the Sunshine Coast, there is a '… *need for small firms to co-operate with what they see as their competitors in establishing an industry-based information network to take advantage of IT infrastructure'* (Courvisanos, 1999, p. 59). Cooke (2001, p. 32) suggests that regional benefits are linked to institutional support for '… *quantity and quality of fundamental research'* that affects knowledge-based decision making by the private and public sectors.

In the First Regional Economies Conference held in Noosa in 2003, Bycroft

(2003) presented the case for evidence-based economic strategies in regional Australia. That Conference coicided with the appointment of Noosa Council's first Manager of Economic Strategies and Innovation, Fiona Wilson. Since then, under Fiona's leadership and that of Noosa's Community Sector Economic Board, the evidence base for a low-volume/high-value economic initiative in Noosa has accelerated substantially. In December 2002, Noosa's Community Sector Economic Board identified six areas around which strategies could be developed to deliver a sustainable economy that generates high-value, low-volume results (Noosa Council, 2002, p. 22). The six areas were: brand differentiation and management; hospitality and tourism; health and lifestyle; knowledge economy; creative arts; and rural and sustainable industries.

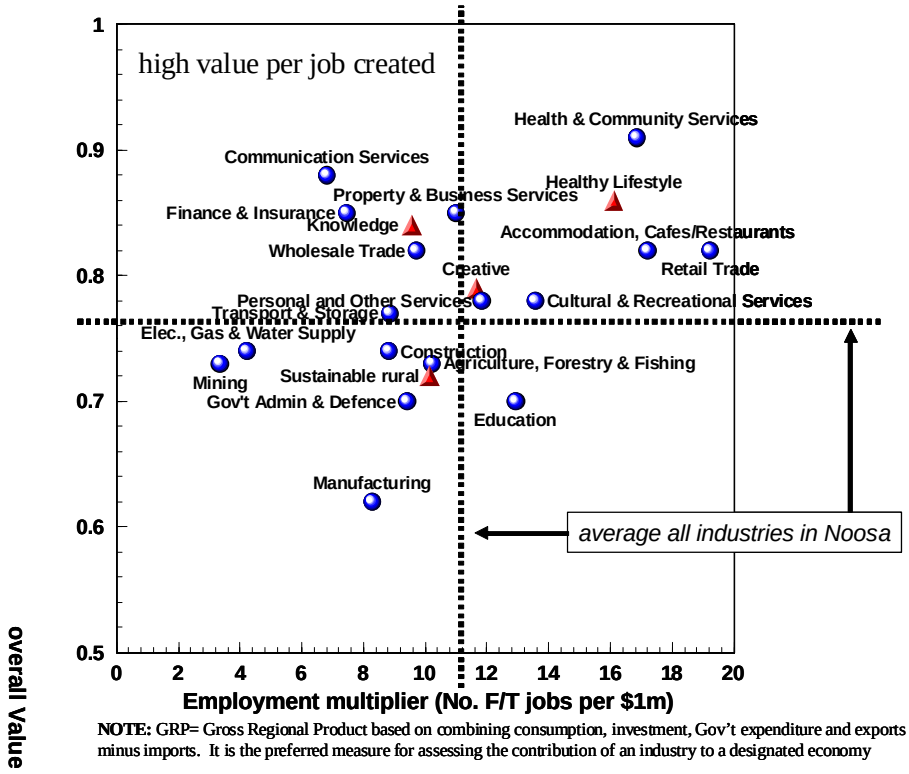
In Noosa there have been substantial developments within each of these strategies since 2002 supported by thorough research, for instance, based on Florida's analysis showing the percentage of the *'creative class'* professions (Florida, 2002, pp. 335–352) in selected locations. This information is being used to assist the implementation of the knowledge economy and creative industries strategies in Noosa. Figure 3 highlights two key areas within Noosa where there is a high concentration of creative workers (Noosaville/Noosa Heads and Noosa/ Sunshine/Peregian).

Contrary to the generally held view that information and communication technology and globalisation have undermined the relevance of state governance, Parker (2004, p. 306) argues for the importance of the role of state institutions in a knowledge economy *'… in an era where global economic change may have impacted on the capacity of governments in other areas of economic policy making'*. A recommendation of the Australian Federal Government's Regional Summit in 1999 was that local communities develop regional partnerships between community, government, and industry to identify relevant regional opportunities (McCall, 2003, p. 101). Noosa Shire Council has convened four industry forums to discuss the consolidation and integration of the creative, knowledge and core industry sectors. The first forum attracted over 250 participants, the second attracted over 150, the third attracted over 300 and the fourth (held in a hinterland town of Cooroy) attracted over 250. This demonstrates demand for Council's role as a facilitator of business networking in these industries, and indicates that these high-value/low-volume sectors are flourishing in the region.

Figure 4 outlines the five key strategies now being adopted to create cross-sectoral and cross-industry collaboration within the Noosa region. These strategies emerged from industry and business consultation. High on the list is the provision of forums for industry networking and collaboration, a key request from local businesses themselves. On current evidence 25 percent of forum attendees gain new business contacts and/or have established significant business outcomes as a result of the networking initiatives.

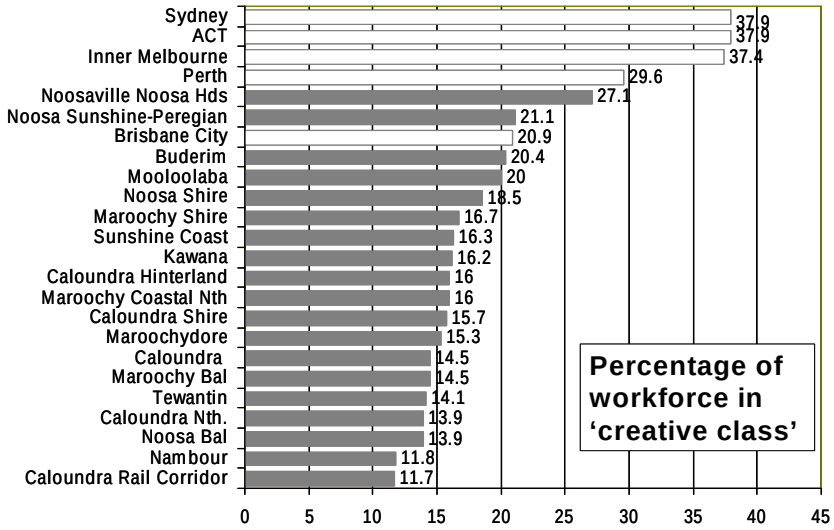
The sixth challenge for regional economies is to commission relevant research, engage local industries, build the evidence base, and champion the development of high-value/low-volume, high-yield/low-impact, economic growth and development.

The six identified challenges with recommended local government strategies are presented in Table 3. Admittedly, the example region used here is currently in a growth phase, so all recommended local government strategies may not be relevant to those regions that are not experiencing such growth. In remote areas access to the tertiary education sector may not be as readily available as it is on the Sunshine Coast, but with new technology, clusters of success (Cooke, 2001, p. 26) can be networked across several remote regions to facilitate virtual business forums that have e-links with various relevant tertiary and government institutions. These institutions could assist with evidence based research. Local government support for sophisticated technology transfer and equity of access in fast growing seaside communities and other remote regions is imperative if these regions are to realise the opportunities identified in this paper.



Source: Adapted from AEC Group, 2004

Figure 3. Example of high value contribution per employee analysis by industry– Noosa 2004



Source: Adapted from National Economics, 2003.

Figure 4. Evidence-based Identification of Creative Class in Selected Local Government Areas and within Noosa Shire

9. CONCLUSION

These are interesting times. The Australian economy remains dependent on extraction and export of non value-added minerals and/or agricultural products. It is fortunate that the land has provided this seam of resources to sustain the economy. But what of the future? In the absence of creative approaches most indicators suggest that Australia will not be a potential global economic leader.

It is recognised that generalisation of the challenges identified and proposals recommended in this paper, to other more remote regions that are not experiencing growth, cannot be assumed. Even so, a major change in cultural and economic thinking and in the innovative spirit of local communities is needed. Value adding is already common in rural communities (Ingram and Sherwood, 2002), however, Eversole (2003) recognises that local resources are limited, and warns against relying on attracting others in sufficient numbers to sustain 'community economic development'. It would be interesting to know to what extent cooperative community clusters or networks could stem the flow from provincial areas. Further research is needed in more remote regions to establish, through consultative networking processes, whether or not similar challenges can be met in ways similar to those reported here.

Table 3. Recommended Local Government Strategies that would assist in meeting the Challenges for Regional Economies

Challenge No.	The Challenges for Regional Economies	Recommended Local Government Strategies
1	Be realistic about the current state of both the Australian and regional economies.	Promote awareness in local industries that in the longer term, emerging opportunities in making Australia more competitive internationally and locally are in the "know-how" or knowledge-based sectors.
2	Move away from traditional notions of co-located product-oriented industries and replace them with the ability to network, communicate, exchange information, knowledge and ideas, thus creating virtual alliances.	Where applicable, establish working partnerships with the tertiary education sector (Universities and/or TAFE); develop a local information and communications technology strategy; convene regular business network forums to create opportunity for new local partnerships and innovative virtual alliances.
3	Create an environment that encourages harnessing of the resident 'talent pool' (industries, skilled professionals, local government, educational organisations) and encourage and support them through facilitated networking cross-industry and cross-sectoral innovations.	Undertake a regular (biannual) survey of local businesses to: 1) develop an accurate industry and commerce profile of your area; 2) obtain accurate information of current growth expectations from business owners/ sectors; 3) determine the demand for improved infrastructure (information and communications technology), 4) commit to an innovative business infrastructure strategy.
4	Encourage new industries by harnessing skills in existing industries, moving them upstream or downstream from the traditional value chain, by creating new markets and new business opportunities from existing recognised strengths.	Accurately identify the local industries that have a distinct competitive advantage; work with them to define how their expertise could be re-shaped into a new "know-how" business opportunity; assist them to get to market.
5	Recognise and take advantage of the high-value/low-volume, low-impact/low-effort new business opportunities within most regional economies.	Convene regular business forums encouraging the development of higher value, lower volume, greater yield products and services based on local industry profile and on identified existing competitive advantages
6	Commission relevant research, engage local industries, build the evidence base, and champion the development of high-value/ low-volume, high-yield/ low-impact, economic growth and development.	Base local initiatives on soundly researched evidence; encourage broader economic discussions within the business community on the volume/ value/ yield equation; consolidate the importance of economic development as a key role of Local Government.

The State of the Regions Report recognised that '… regional stakeholders – industry, community and their local government constituents – will be central to the development and implementation of regional specific knowledge-based strategies if Australia is to successfully make a transition to the knowledge based economy' (ALGA, 2001, p. 2). Regional economies now have improved opportunities to expand through the attraction, development and nurturing of high-value/low-volume/low-impact industries. It is crucial for regional economies to build networks of co-operation between regions in Australia and beyond, to learn from each other's successes and failures, to accept the challenges of the Third Millennium, and to build a sustainable, modern Australian economy.

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