

AN INTEGRATED MODEL OF SUB-NATIONAL REGIONAL AND URBAN ECONOMIC DEVELOPMENT: FRAMEWORK OF ANALYSIS APPLIED TO THE CITY OF CASEY, VICTORIA, AUSTRALIA

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ABSTRACT: This paper aims to contribute to an understanding of the role of government policy in regional economic development of a peripheral urban region. This is attempted by using a framework of analysis based on the integrated model of sub-national regional and urban economic development, developed by the author in previous published research. This framework applied to a peripheral urban region of Melbourne, Australia, namely the City of Casey. The City of Casey was formed in 1994 and has been expanding on the strength of its population growth since. The paper examines the usefulness of current government policies and business association programs in Casey aimed at developing self-sustaining regional development. This is achieved by examining perceptions and evaluating extent of adoption of these policies by manufacturing and home-based businesses. This research found that current government policy and business association programs are not sufficient for the development of self-sustaining businesses in peripheral urban regions such as The City of Casey.

KEY WORDS: Peripheral urban development, regional development, government policy, non-core region

ACKNOWLEDGEMENT: I would like to acknowledge the constant encouragement, support and constructive criticism provided by Associate Professor Jerry Courvisanos. He very patiently read multiple drafts of this paper and provided helpful comments and constructive criticism.

1 INTRODUCTION

There are many theories of regional development, each evaluating one or more targeted aspects of regional development (Lundvall 1994; O'Connor and Stimson 1995; Cooke et al. 2004; Jain 2009; Stimson et al. 2009). The Jain (2009) integrated model of regional and urban economic

development connects the extant literature into a single holistic approach to understanding the process of regional development. This model has been used previously to highlight the plight of peripheral urban growth centres suffering economically with a lack of coherent development policy under various governments over the past two decades (Jain and Courvisanos 2009).

The current paper attempts to evaluate and understand the development of a peripheral urban growth region, the City of Casey, Victoria, Australia as a case study, using the integrated model as the basis for a specific framework of analysis. This framework is used to assess the perceived usefulness of existing government business support and development policy in this region in particular, by home-based businesses (HBB) and manufacturing industry.

This paper begins with a brief description of the City of Casey, followed by a review of the relevant literature pertaining to the role of government policy in regional business development followed by a specification of a framework of analysis based on the Jain (2009) model for Casey. The research method is then described. Finally, an analysis of the role of government policy in business development for Casey is undertaken, after which implications for future research and government policy are discussed.

2. THE CITY OF CASEY

The City of Casey (see location map Figure 1), located 40km from CBD Melbourne, extends over 400 square kilometres. Land in Casey has been made available for development of housing estates by the Victorian state government, as a result of government policy along with public infrastructure (Frost and Dingle 1995; Department of Infrastructure Victoria 2002). This land was sold at rates much cheaper than inner Melbourne, prompting an influx of residential estates together with businesses, including HBB and manufacturing.

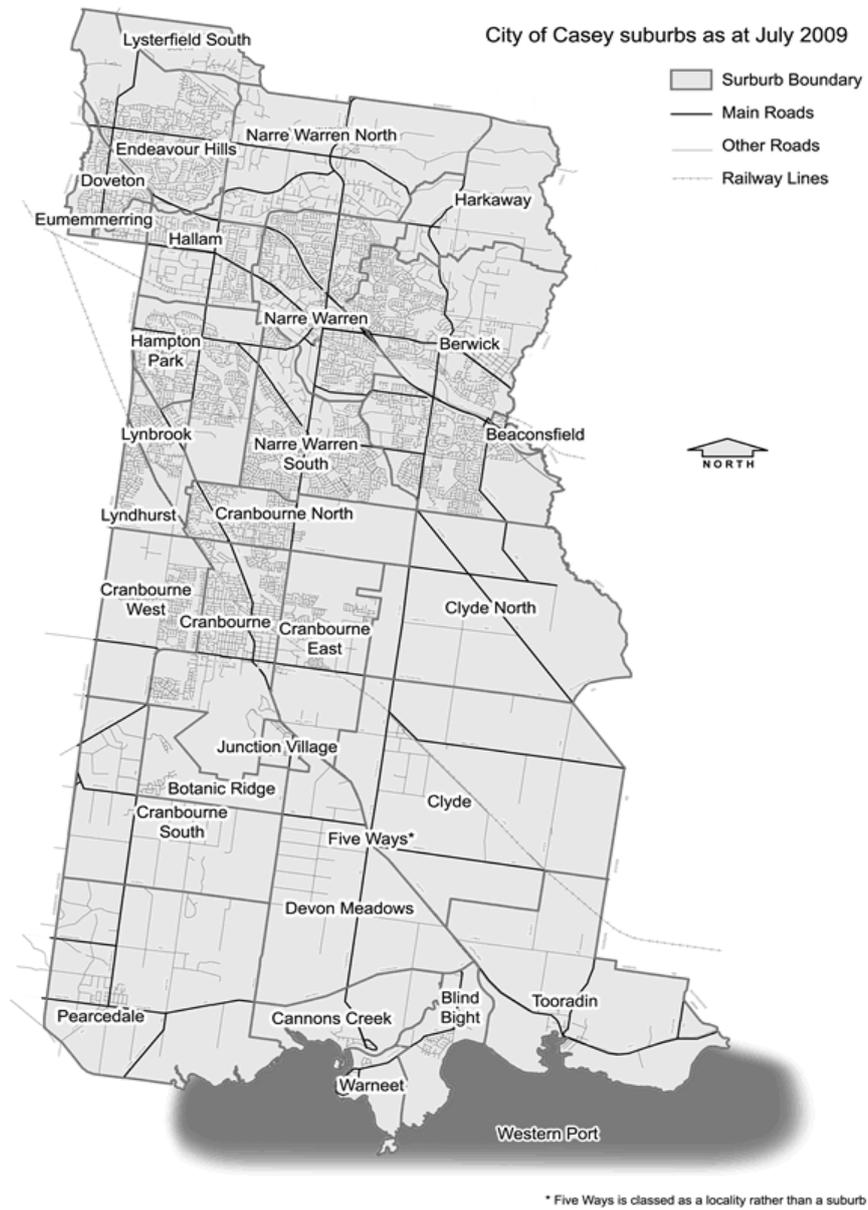


Figure 1. Map of the City of Casey showing boundaries and suburbs.
Source: City of Casey (2009).

The City of Casey (referred to as Casey) is Victoria's most populous municipality with a total resident population of 249, 088 as in June 2009 (AEC Group 2010). The population of Casey increased between the 2001 and 2006 census by 22.4% or 40,674 people (the latest census data available as at 2010). This equates to a growth of 4.1% p.a. in comparison with a growth rate of 4% p.a. over 1996-2001 and 4.9% p.a. over 1991-96. The characteristics of Casey residents are depicted in Table 1.

Table 1. Census data 2006: Casey Vs Melbourne Statistical Division (MSD). Source: City of Casey/ ABS Census Data (2006).

	<i>Casey</i>	<i>MSD</i>
Bachelors degree holders	9.5%	16.2%
Low skilled employees: technical and trade workers, machinery drivers and operators, labourers, clerical and administrative	68.5%	54.8%
Professionals and Managers	21.9%	35.1%
Households earning \$2,500-2,999 per week	4%	6.1%
Households earning >\$3,000 per week	2.9%	5.7%

20% of Casey residents work in manufacturing (City of Casey 2006). It is important to note that not all of these jobs are in Casey itself. This is followed by retail (12.8%), construction (9.5%), health (8.3%), wholesale trade (7.1%) and transport (5.8%).

Manufacturing adds 13% to Casey's gross regional product (GRP). The location quotient (LQ) of manufacturing in Casey is the same as the national average of 1.0 (Jain 2010). Therefore, manufacturing presence in Casey may be considered representative of the country. The majority of manufacturing in Casey today had been present in Casey prior to formation of the new council and release of new cheap land.

HBB account for over 16% of the people employed in the South-East Melbourne Region (City of Casey 2002). Even though this is a

heterogeneous group of businesses their nature is different from larger businesses providing similar products/services. The HBB in Casey provided services predominantly to Casey itself and surrounding LGAs. In 2005 less than 5% of HBB exported overseas and approximately 18% exported to other states (City of Casey 2005).

The other sectors of importance in Casey include building, retail and wholesale, health, education, property and business services. Population-based growth in Casey is identified with a strong building and retail industry. There is a small group of health and community services in the region. All these sectors are fragmented and developing to service the local population.

Casey contributed 1.4% to the Gross State Product (GSP) of Victoria in 2001 and 2.1% in 2008 (Australian Bureau of Statistics). Casey is home to 5% of the population of Victoria, but its contribution to the State GSP is much lower than its population strength.

The education sector in Casey has 108 institutions listed on the Casey website, as of January 2008, including all preschools, primary, secondary and high schools, special schools, catholic and independent schools, Chisholm TAFE and Monash University Berwick Campus. These institutions are in their infancy and thus these institutions are in no position to provide the region with leadership for innovation, technology or research.

Unpublished data obtained from the National Institute of Economic and Industry Research (2009) shows that number of patents registered in all fields including engineering, information technology, and high technology fields from the Casey LGA increased from approximately nine patents in 1998 to 26 in 2007. This is much lower than the total number of patent filings from Victoria of about 1,642 in 2007 (OECD 2008). Therefore if patents are used as a measure of innovation, Casey is significantly lagging behind Victorian patents. Not only is the absolute number of patents for Casey low in comparison to Victoria, it remains low even after averaging the number of patents per head of population.

There were nine voluntary local business associations in this area, including one led by the Berwick Campus of Monash University in 2008. Some of these associations were centred in specific suburbs of Casey. The groups had considerable overlap in their functions; their membership was small and meetings poorly attended. In Casey, business associations have interpreted government policy, disseminated information, and acted as a conduit between the various layers of government and individual businesses (Jain 2011). It should be noted that the local government of Casey itself acts as an important business association too (Jain 2011).

3. GOVERNMENT POLICY FOR REGIONAL BUSINESS DEVELOPMENT: A BRIEF REVIEW

Regional development has been an intensely political issue in Australia. The change of government in 1996 resulted in a change of direction to a neo-liberal philosophy (Stilwell 2000; Beer et al. 2005). Marginal seats determine the outcome of any election in Australia. When these seats are in the Australian bush, regional development becomes important. The neo-liberal rejection of deficit spending dominates federal and state governments throughout Western advanced economies (Beer, Clower et al. 2005). Beer *et al* (2005) also note that:

Some responsibility for regional development has been shifted downwards to regions, but the effectiveness of the organisations given this responsibility is reduced by the short-term and competitive nature of much of their funding, the lack of coordination between regional development actors at the local level, the proliferation of agencies and the competition between them.

Kelly *et al.* (2009) describe that as a result of these neo-liberal policies, local governments in Australia “face daunting problems, not least escalating financial un-sustainability and local infrastructure depletion”. Kelly *et al.* (2009) also explain that over time local councils have been forced to assume new functions, meet rising costs of higher quality service delivery and compliance, bear the costs for service delivery on behalf of state and federal governments without recompense and cope with increased community expectations, all without increased revenue from taxes or other layers of government. Service provision takes precedence over maintenance and development of infrastructure. Business development is on an even lower priority.

This fiscal and policy neglect of local governments particularly in peripheral urban regions such as Casey, has resulted in their economic development being stunted (Jain and Courvisanos 2009). Thus, local governments, such as Casey, have tried to promote business development by promulgating policies such as business development strategies, aimed at promoting the Council as an information provider, facilitating non-government and government service access, and promoting communication and education for HBB (City of Casey 2001), all activities that do not require significant financial input. In Casey, an aspirational document called the “C21” has defined what the local

government would like business development policy to be in the 21st century (City of Casey 2002). With little financial help from the state and the federal governments, these policies and programs remain only as good intentional broad statements of what the Council wishes to achieve.

4 FRAMEWORK OF ANALYSIS

Based on a deep literature review, Jain (2009) developed an integrated model of sub-national regional and peripheral urban economic development. This model divides determinants of development into two tiers based on their relative independence when affecting development. It explains that development in any region is affected by local, national and global factors (Jain 2009; Jain and Courvisanos 2009). The outer ring determinants of development are: natural factor endowment (Stimson et al. 2002), proximity and relation to nodal centre (Perroux 1955; Krugman 1991; Coe et al. 2004) and government policy (Fung et al. 1999; Osborne 2003). The model indicates that these are the more independent determinants of development.

The more dependent variables: population (Saxenian 1985; Massey 1994; de Laurentis 2006), labour capital technology (Lewis 1954; Malecki 1983), basic industry (Alexander 1954), non-basic industry (Mazur 1994), innovation (Schumpeter 1939), finance (Cooke et al. 1998), local chambers of commerce and business associations (Bacaria et al. 2004), universities and other educational institutions appear in a middle ring (Garlick 1998), leading on to the central point of the model, economic development (Jain 2009).

A specific framework of analysis is devised for Casey based on this model (see Figure 2), which identifies government policy as impacting on private sector business development, by potentially affecting all the second order determinants of development. There are seven such determinants depicted in Figure 2 as a series of boxes directly below government policy. All of these determinants, aided and abetted by local business associations, affect utilisation of government business support policies, ultimately impacting in business and economic development. The effectiveness of business development government policy is mediated by factor endowments

in the region and the proximity of the region to major established employment generating centres. This research aims to evaluate the seven determinants in the framework which affect uptake of business support policy in Casey. Evaluation of local business associations in Casey is undertaken using the same framework in a separate paper (Jain, 2011).

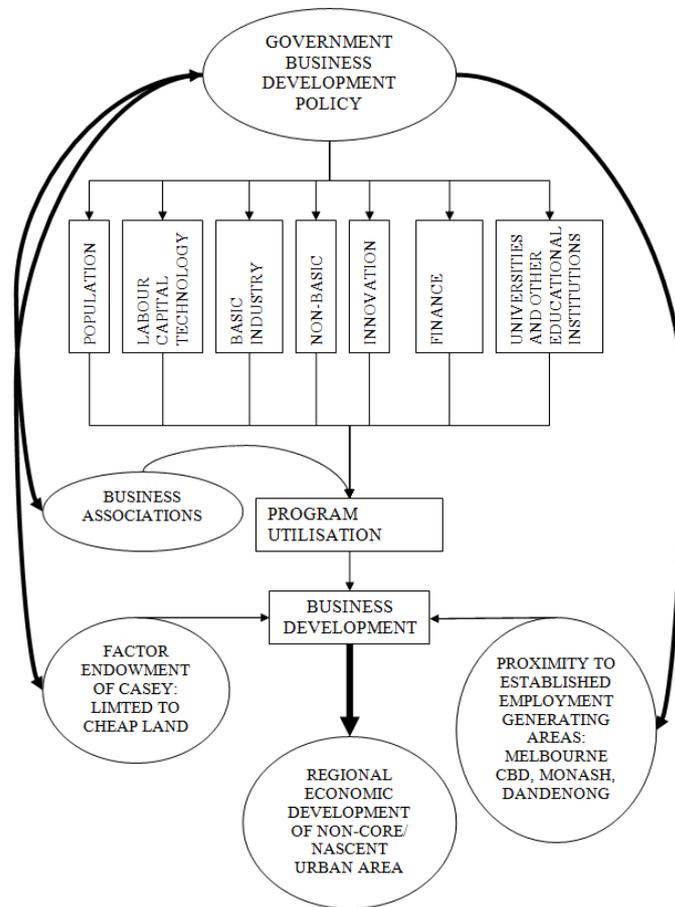


Figure 2. Framework of Analysis based on the model of sub-national peripheral urban and regional development, for the analysis of effectiveness of business development policies. Source: the Authors

5. RESEARCH METHOD

A purpose designed survey instrument, using the integrated model of sub-national regional and urban regional development as a framework of analysis, was administered in April-July 2008 to all the 800HBB and 198 manufacturing businesses registered with Casey Council. HBB and manufacturing industries were chosen for the survey as these were considered by the local council as the two sectors most important for their economic development and also because there were sufficient numbers of both these groups registered with Casey Council. There is no legislative requirement for businesses to register with the local council, and data from the Australian Tax Office was not available at the time this research was conducted. Identification of local businesses by other means was not possible.

The survey aimed to evaluate the uptake of government business development and support policies by these businesses. The survey also asked the businesses about their perceptions of government policy, economic development in Casey and possible extra help they required to remain self-sustaining. A 'self-sustaining' business was defined as one which could survive without government help. The businesses rated their perception of government policy on a Likert scale of 1 to 5, with 1 being 'very useful', 2 'mildly useful', 3 'neutral', 4 'not useful' and 5 'obstructive'.

The final component of data collection was four focus groups held in early 2009, with 10-15 people in each group made up of representatives from local businesses, business associations and government representatives. The transcribed discussions in each group focused around the results of the survey and implications of government policy for self-sustaining business activity in Casey.

6 SURVEY AND FOCUS GROUPS

This section describes and analyses the perceptions of the target businesses about government business support policies in Casey using the Figure 2 framework, beginning with a global overview of these policies. The federal and state governments have many regional, industry and business development programs, and a few specific to exporting businesses. The large number of programs on offer, with overlapping functions, and the multiple departments administering and providing information about these programs, were considered confusing by businesses operating in Casey. Businesses also bemoaned the lack of a

single point of contact for such programs, for example, a business owner stated “Perhaps a one-stop shop, which may be at the State government level where the local governments then tap into and say O.K. We are starting a business and this is what is available in your area”. Despite any such reservations, the survey found that 5% of HBB and 36% of manufacturers in Casey that used these government services found them useful. Because of the difference in the size and nature of the businesses, there are a larger proportion of manufacturers using these programs than HBB.

The businesses that have used government business development and support programs have stated that these programs were useful. However, 86% of the respondents stated that they could survive without these programs. In other words, these businesses expect to be self-sustaining even in the absence of such government support.

Factor Endowment and Proximity

The majority of HBB (96%) stated that they started their businesses in Casey as they lived in the area. These businesses were able to work from home due to government policy allowing this to happen. Virtually all of these businesses are non-basic or locally supplying businesses. Neither the proximity to amenities, nor availability of cheap land *per se*, were strong pull factors for HBB in Casey, *i.e.* HBB located in Casey as the residents moved there for cheap housing, not for cheap land or for the purpose of starting an HBB.

Nearly 61% of the manufacturing businesses that have chosen to relocate or commence a new business in Casey did so due to cheap land made available to them because of revision of land use classification by the government which resulted in the increase of available land for residential and industrial use hitherto reserved for agriculture use at affordable prices. This is similar to the results obtained by the 2008 Casey business survey (Stubbs Consulting 2009). It has proven to be a major pull factor for manufacturing in Casey.

It is evident that the influx of population and businesses in Casey was a direct result of the modification of government land use policy. This was encouraged by federal and state government decisions that urbanisation be fostered, eventually leading to the conversion of agricultural land to residential and industrial use on the fringes of Melbourne CBD, with close proximity to major employment generating centres.

Population

The ingress of population in search of the “Great Australian Dream” of a house on a quarter acre block brought into Casey plentiful semi-skilled and some skilled labour (Table 1). Capital and technology followed this influx from the nodal centres of Melbourne, Monash and Greater Dandenong. The survey results and perusal of government records clearly demonstrate that government policies and programs supporting labour, capital and technology development in Casey are few and far between. The New Apprenticeship Scheme, a program for training new apprentices in the skilled trades directed by the former Federal Department of Education, Employment and Workplace Relations, was the only substantive policy in this regard. 21% of manufacturing businesses and 1% of HBB have used this scheme. It provides financial assistance to businesses to train apprentices through TAFE¹ on the job.

Industry and Business: Basic and Non- Basic

Between 2001 and 2008 the population of Casey grew by 31.2%. At the same time the number of jobs grew by only 29.2%, two percent less than the rate of population growth. The relative proportion of jobs in each sector remained constant despite an increase in the absolute number of jobs in each sector; except agriculture, manufacturing and wholesale trade where there was a fall of 1% each, while health and community services grew by 2.3%(Compelling Economics 2009). In short, employment growth was similar to population growth in Casey. The profile and nature of jobs in Casey remained the same over this period of time.

Non-basic industry followed the influx of population. The majority of HBB and manufacturing businesses are non-basic and cater to the local market. A few of these businesses have used services and programs that help them comply with tax and other business laws. 6% of the HBB and 7% of manufacturing businesses used Business Victoria, an online service provided by the state government through the former Department of Industry, Innovation and Regional Development, as a source of information. Another service used by 5% of the surveyed businesses (all HBB) was the New Enterprise Incentive Scheme (NEIS). The federal government provides this NEIS to help unemployed people start and run

¹ TAFE: Technical and Further Education institutes provide vocational training courses in Australia.

a new viable business; supports acquisition of business management and business skills, business plan development, NEIS allowance and rental assistance for fixed periods of time. The other government and business services used by non-basic businesses comprised primarily those that provided information, run by local business associations.

Data obtained by the survey clearly shows that the development of basic or exporting industry in Casey is not a result of any government policy specifically designed for the development of exporting businesses in Casey. This research shows that 5% of the HBB and 36% of the manufacturing businesses, used government export support programs. None of these businesses relied on government support for initial start up or sustenance.

Innovation

Measures of the innovation of a region are its research and development (R&D) expenditure, number of patents and utilisation of government innovation policies. Whilst assessment of the level of R&D expenditure in Casey is outside the scope of this research, an assessment in this study was made of the utilisation of R&D policies and programs. None of the businesses used any such program. Only one printing business relied upon R&D programs and mentioned the reduction in government and business R&D expenditure as a concern. A manufacturing business categorically stated in the survey: “we need R&D grants or we cannot compete with China”.

An argument that may well explain the lack of innovation and acquisition of government funding in Casey may be the under-representation of professional classes in the population (Table 1). Evaluation of the demographic profile of the region shows that Casey has a much smaller proportion of professionals and highly educated residents than MSD. Casey also suffers from locational disadvantage as compared to the inner city suburbs and the CBD in the attraction of creative classes, purely because it is geographically further away from the centre of lifestyle and commercial activity.

Finance

The infrastructure in Casey is publicly funded. There has not been any major public-private partnership in the area for the development of

infrastructure or in private business. Businesses, by and large, in Casey have sought finance from commercial lending and banking institutions. Public grants have been used only by a few businesses (7.7%), mainly manufacturing businesses.

A HBB stated in a focus group discussion: “they are more trouble than they are worth”, citing the paperwork required for obtaining a grant as the reason why grants have not been used. Another HBB, in a focus group discussion stated that: “we need assistance in how to apply for grants”. None of the non-exporting Casey businesses were able to access government funds available as grants.

HBB provide services and goods that do not require a large financial outlay, whereas, manufacturing is capital intensive. Evaluation of the source of funds for local businesses is outside the scope of this research. However, it is clear that there are no specific government policies providing finance for businesses in Casey, and no government funded industry in Casey. Federal government grants are available equally for all businesses across the country as listed on the website (see www.business.gov.au). These grants are industry specific with rigid criteria. Thus, only a small number of HBB and manufacturers in peripheral regions used government grants in Casey. In the focus group discussions it became clear that this was because the businesses found the application process onerous and grants difficult to obtain.

Businesses in Casey rely on their own sources of finance: whether they are business loans from financial institutions, friends, family or their own funds. There is scant reliance on funds made available through government programs. Anecdotally, most HBB start with capital from the business owner alone (Loscocco and Smith-Hunter 2004). There is no literature available to supply further information about the source of funds or the size of loans for HBB.

Manufacturing is capital intensive. There are no new manufacturing businesses established recently in Casey. All existing manufacturing has been established in Casey for five years or more. If capital were easier to access, perhaps more new businesses would be seen in the region. As a manufacturing business stated in one focus group “...we use locally produced raw materials but we are competing against an MNC. We need a start up grant to expand our business and start a new one”.

Perception of usefulness of government policy

Businesses responded to the survey listing over a hundred different government support policies they had used. To facilitate analysis, these

policies were grouped into seven broad categories as shown in Table 2. A program was considered to be useful if it permitted the user to achieve their objective. Business considered that the programs that they used were very useful (Table 2), even though they were not required to be self-sustaining.

Table 2. Program usefulness by type of business

<i>Type of program</i>	<i>Home-based Mean (SD)</i>	<i>Manufacturers Mean (SD)</i>	<i>t-value</i>
Assistance with Business/ Financial Plans	1.85 (0.69)	2.25 (0.5)	-1.08
Employment & Training	1.74 (0.77)	1.63 (0.47)	0.73
Export Related Programmes	1.50 (0.58)	2.00 (0.94)	-0.98
Finance & Venture Capital, Grants, Tax Concessions	1.64 (1.21)	1.00 (N/A)	.51
Legal/ Insurance Matters	1.66 (0.71)	2.13 (0.23)	-2.70**
Networking & Business Forums	1.88 (0.93)	1.40 (0.55)	1.11
Marketing	2.00 (1.41)	N/A	N/A
Average overall usefulness	1.78 (0.74)	1.84 (0.66)	-.36

***p<0.01, **p<0.05, *p<0.10

Note: Adjustments to t-value have been made based on Levene’s test of homogeneity of variances i.e. standard error for difference in means test has been adjusted for inequality of variance test.

The majority of the HBB found the programs being either ‘very useful’ or ‘useful’. Only ten HBB found them to be ‘neutral’, and one business found a specific government program they used actually ‘obstructive’. None reported the programs as being ‘not useful’. Almost all of the responding manufacturing businesses found the policies/programs to be in the ‘very useful’ or ‘useful’ range. Only three businesses reported that the policies were neutral. None suggested that the policies were ‘not useful’ or ‘obstructive’. A paired sample t-test between the two types of

businesses was carried out for each of the program categories to test the differences in usefulness of the programs. The results of this test are depicted in Table 2 and shows that there was no significant difference between the two types of businesses concerning the usefulness of the different programs, except for legal/insurance matters, which HBB found more useful.

Additionally a paired samples t-test was also conducted to assess differences in program usefulness within each of the two business types separately. This analysis identified that HBB found legal/insurance programs significantly more useful than the networking & business forums whereas, manufacturers found employment and training programs more useful than legal and insurance matters

Notwithstanding the perceived usefulness of any policies and programs from various layers of government, businesses felt that their own businesses were sustainable in the long-term. This can be explained by a number of factors. Firstly some businesses are genuinely likely to be successful and sustainable. Secondly, businesses that have made it thus far in the absence of any substantial financial or other support from the government maybe are more likely not to need it. Thirdly, after years of neo-liberal government policy there is unlikely to be any sudden more proactive government policy support, and businesses were realistic in perceiving this situation. Since the bulk of this research was carried out just before the Global Financial Crisis (GFC) ignited in September 2008, the impact of this GFC on businesses' view of their sustainability in Casey and on government policy usefulness cannot be predicted on the basis of this research. Follow up research is required.

7 QUO VADIS CASEY?

The federal and state government have generic policies for the development of some industries; predominantly export oriented and manufacturing industry. The one major state government policy driving development in Casey has been the reclassification of land for residential and industrial use, and the complimentary first home-owner's rebates provided by the federal government. As a result, at this time, Casey continued to develop as a dormitory suburb with high job leakage, and a low GRP that is much lower than Melbourne overall.

The business development trajectory of Casey as at 2011 was affected by the lack of Casey specific federal and state development policy and a cash-strapped local council. The elements of business development set out in the framework for effective regional economic development are

not strongly evident or supported in the region. Fragmentation, weak network linkages, lack of strong government commitment at all levels is prevalent.

The survey, focus group discussions and interviews demonstrate that there is limited uptake of the myriads of government support policies on offer, despite high usefulness of the ones taken up. Only 60% of HBB and 67% of manufacturing businesses used at least one policy, with the majority of the policies being used thought to be useful or very useful. Mean number of policies used by HBB was 1.38 and by manufacturing 1.45. This limited uptake of policies demonstrates that there are a large number of policies not used by even a single business. The focus group discussions indicated that with appropriate policy measures this limited business development public policy role need not be so in the future.

In the survey and focus group discussions local businesses raised a number of points, which at first glance could potentially change the current trajectory of development in Casey. Local businesses expressed a broad wish list of assistance and help required from government to change the current population based development to a more innovation based pathway in the survey and in focus group discussions.

The most common request from HBB is for marketing and advertising assistance, followed by direct financial assistance, co-ordinated help from all levels of government with a single point of contact, reduction of tax and compliance burden, and the establishment of a business incubator (Jain 2011).

In keeping with the different nature of their businesses, manufacturing industry asked for financial assistance in the form of grants and tax reforms. They also needed more training and export assistance. Manufacturing seeks assistance on multiple levels in the framework of analysis: labour capital and technology, innovation, finance and becoming more competitive basic and non- basic industry. Manufacturing interests in Casey specifically, and in Australia generally are looking at more government support to fund new sustainable businesses and to keep existing businesses solvent. This position is diametrically opposed to the established neo-liberal approach to government policy as is highlighted by the following quote from a government department representative attending a focus group discussion:

You have to be very careful of what you [do] because we are regularly fighting a battle with treasury within government who say that there should be no business support program. The government is not there to provide funding and that if businesses cannot do it on their own well they shouldn't be there or they should not be running a successful business. It is a constant battle that we fight

With current multi-tiered government departments and multi-level government, there is confusion not only about the various programs and policies but also business eligibility and program ownership. Businesses seeking government help have to wade through many departments in different layers of government, as a result of a situation of information overload, with appropriate and relevant information hard to come by. In the focus group discussions, businesses asked for a single point of contact for all government policies to make operation of programs more accessible and efficient.

Another major issue raised in the focus group discussions was the lack of availability of appropriate accommodation for businesses. For manufacturing industry, Cranbourne West (a suburb in Casey) was the only new pocket of available land. For HBB, the critical issue was affordable transit and larger accommodation. As a HBB said:

We want to move out of home office space, but there is no clear direction that any-body knows of where do we go from working in a home-based office to establishing our own office outside the home and employing more people.

This transit accommodation could be in the form of a business incubator, where consolidated support services are available or low cost commercial rental.

Lack of appropriate staffing of government business development departments is perhaps a reflection of the neo-liberal business development and economic policy. The philosophical imperative is to allow market forces to determine business development and therefore not spend resources on these departments.

In none of the focus group discussions did business participants feel that the various layers of government were contributing to business development and/or sustainability in Casey. This is because federal government is not concerned with the minutiae of regional business/economic development in any particular state or local

government area. Even though the federal government micro-economic policy framework extends to nation-wide industrial and regional development policy, it is not specific enough for any single local government area. In other words, unless the federal government focuses on local government areas as a matter of policy, there is not going to be any change in its focus on Casey. This may at least partially be a result of the classification of Casey as a part of the greater area of Melbourne. It may be unrealistic to expect federal government interest and intervention in such local government areas. On the other hand, if there were to be some degree of co-ordinated linkages between state and federal governments, as in Europe, then regions such as Casey could attract individual attention from both these levels of government.

In the focus groups, businesses expressed a view that they needed mentoring during various stages in the life-cycle of their business: start-up, expansion, maturity and diversification (Hanks et al. 1993). The business mentoring skills needed are different at each stage in a firm's life cycle. There is a role for other leading businesses, or government experts, to step in and provide relevant and appropriate mentoring to firms commensurate with their stage in their life cycle.

8POLICY IMPLICATIONS

The empirical analysis described in this paper is based on the framework of analysis provided by the Jain (2009) integrated model of regional and urban development. The main conclusion to be drawn from this analysis is that the current public policy environment is inadequate for creating an endogenous self-sustaining business environment in a non-core/peripheral urban growth centre such as Casey. This suggests that Casey is unlikely to become a self-sustaining and broad based developed region. The elements of business development set out in the framework of analysis are not strongly evident or supported in the region. Fragmentation, weak network linkages, lack of strong government commitment at all levels is prevalent.

The shortcomings of local government public policy can be attributed to lack of commitment to funds, lack of staff or resources by elected officials. Of all the well-meaning business development policies, the only one achieved thus far has been the modest release of new land for industrial development in West Cranbourne (in the lower south-west of Casey LGA). The Fountain Gate/Narre Warren CBD office development

is still in the planning phase. Overall, the business attraction policy in Casey has been stifled and confined to the back burner.

Despite the overall lack of effective public policy, from the framework of analysis, the primary research evaluation of the survey instruments, focus groups has identified some effective (and well received) public policies and programs supporting business development. Useful policies identified were:

- Rezoning of agricultural land to residential, commercial and industrial
- New Enterprise Incentive Scheme (NEIS): Commonwealth government for programs for the unemployed, that provide accredited small business training, business advice and mentoring and income support for up to 52 weeks
- New Apprenticeship Scheme: A federal government funded incentive program designed to provide nationally recognised training to new and existing staff. A financial incentive of up to \$4,400 is provided per participant to the school providing the training
- Export related programs: Export Market Development Grants: Federal government's financial assistance program for exporters, Grow Your Business Program and Industry Capability Network Victoria, both state government support programs

It is clear that none of the surveyed businesses owe their existence, or growth to these policies. There is no program that specifically targets, encourages and supports development of new business in the Casey area, nor any program that provides support for established businesses. There is no financial incentive from the government to do so. In the current neo-liberal environment, governments in Australia have taken the back seat as far as business development is concerned.

Urban sprawl, which generates dormitory suburbs, is the direct result of federal and state government policy². This results in conflict between the

² A newspaper article by the Victorian State Planning Minister, Justin Madden reaffirms that this policy will not change in the near future Madden, J. (2009). Opposition to a Bigger Melbourne Smacks of Cultural Snobbery. *The Age*. Melbourne: 17..However, a statement by the next planning minister Matthew Guy, who succeeded Justin Madden, suggests on the contrary the government is considering expanding high rise development in a new 'capital city zone'.

core and the peripheral regions and increased economic disparity (Krugman 1991; Krugman 1991). On the one hand it is clear that regions such as Casey are growing rapidly as a result of this government policy. This makes cheap land available for housing and industry. On the other hand, these peripheral regions are faced with increasing problems of slow business development, low GRP, lack of community, job leakage, lack of infrastructure, increased commuting times to places of work and a general sense of detachment among residents. These are powerful arguments for ceasing further urban sprawl in Australia (Buckley 2009).

The options for Casey are viewed from two perspectives based on the model. The first is in comparison with other local government areas in Australia and their policy framework. This is important because they are working within the same constraints as Casey. The second is in comparison to successful regions elsewhere in the world. Stimson *et al.* (2009) in their review, suggest that rather than business attraction policies; programs and strategies to attract, generate and nurture entrepreneurial skills is more likely to result in self-sustained (or endogenous) business and economic development. This requires a shift towards programs that lead to increased entrepreneurial skills, such as investment in education and networking, formation of technopoles, gateway and intelligent cities, finding new sources of supply, opening new markets, changing cultural mix and new sources of funding. Similarly, Luger and Maynard (2008) argue that repeated market failure has increased the need for government intervention at all levels. Government intervention is also needed for increasing innovation: both at the local university and with new industry and university partnerships.

The purpose of this discussion and research is to try and find mechanism and policy measures that can potentially reduce the economic gap between peripheral urban regions such as Casey and their nodal centres such as Melbourne CBD.

Casey has numerous examples within Australia to emulate: the Gold Coast council which has a well staffed business development unit and formed a public private partnership in association with Griffith University to develop a high technology precinct; Port Macquarie in New South Wales has formed a partnership with Economic Gardeners Pty Ltd

McArthur, G. (2012). City on the move. Herald Sun. Melbourne: 1-4..This shows the confusion about this policy at the highest levels of government.

provides small businesses with a learning program to build competence in business management, risk reduction through shared management and improved financial outcomes (Powell 2009); City of Playford (South Australia), in collaboration with Rodin Genoff, has developed a regional cluster model resulting in the creation of business networks, integrated supply chains and a global business enterprise (Genoff 2009); Nambucca Shire Council (New South Wales) has facilitated the creation of Nambucca Vehicle Body manufacturing cluster and Invest Nambucca Manufacturing Network (Lowe 2009); and Darebin City Council (Victoria) has developed a successful business incubator.

There is no dearth of examples overseas: cluster development in California (Luger and Maynard 2008); in San Diego (USA) the local government offers assistance in site selection, incentive and business tax information, provides information of the key contacts in government, demographic, wages and other data, assistance in dealing with compliance issues, and access to workforce training and recruitment; the local council in Sheffield (UK) additionally provides marketing of Sheffield as a preferred business destination, strategic physical development and accelerates growth of knowledge-based businesses; the council in Winnipeg (Canada) offers brokering services for co-ordination with other government departments, marketing, partnerships, project management and support (Beer 2009).

9CONCLUSION

The primary data collected by this research, interpreted in light of the framework of analysis, allows evaluation of the determinants of business development that operate in Casey. This analysis demonstrates the ineffectiveness of government business support and development policy, in the context of Casey as a peripheral urban region. The data analysis clearly shows that the local council does not have the political will or the financial resources for successful business development policies.

There is no simple or single answer to the ills that plague Casey's development trajectory. Trialling business policies proven to be successful in other regions across Australia and elsewhere in the world will be a good first step. Any change in existing development and business policy requires government commitment. Perhaps developing Casey and other peripheral urban centres as satellite entrepreneurial regions linked to major employment generating centres like Dandenong can be a viable trajectory that will give Casey a strong business future. This would involve a change in government policy, thereby changing the

current relationship with the nodal centres and the population mix. Certainly the current relationship, as depicted by the framework of analysis in this paper, is neither effective nor broad ranging enough for businesses in Casey to prosper out of the limited confines of a dormitory suburb.

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