



Mars factory floor
Photo courtesy of Ballarat Tourism

Contents

Preface	1
Executive summary	2
Background	3
New research	3
Objectives	4
Findings	4
Industry's and regions	4
Economic performance	5
Attracting industry to regions	6
Importance of regional industries	8
Industry's future in the regions	10
The role of government	14
Lessons for regional industry development	17
List of tables	
Table A Economic performance comparisons	5
Table B Main disadvantages by region	7
Table C Company investment in training by region	13
Table D Company views on government support for regional economics	15
Table E Company responses to government policy by region	16
List of figures	
Figure A Industry composition	4
Figure B Industry perception of economic performance over the last three years by region	5
Figure C Advantages of regional location	6
Figure D Disadvantages of regional location	7
Figure E Industry assessment of infrastructure services	8
Figure F Transactional flows across the twelve regions	9
Figure G Industry perception of expected performance by region	10
Figure H Industry perception of economic performance in comparison to the global economy	11
Figure I Distribution of capital expenditure	12
Figure J Expenditure on new plant and equipment by region	13
Figure K Percentage of earnings used for research and development	14
Figure L Percentage of business conducted on the internet by region	16

Australia's diverse industries play a vital role in the economic life of regions.

Regional industries provide jobs, investment, new technology, skills, growth opportunities, exports and global links. While it is understood that manufacturing is the largest sector of the Australian economy, it is easy to forget how important industry is to regional Australia.

This study of regional industry highlights how industry substantially adds to the net wealth of regions. Through using local resources and selling to markets outside the region, including export markets, regional industry provides a solid base for local economic development and on-going growth.

To ensure the future of regions, we need to encourage regional industry to be more competitive through investing in human and physical resources; to be more outward looking by developing export markets and industry networks; and to be more innovative by adopting new technology, such as e-commerce.

Australian Industry Group is pleased to have undertaken this important study with the Commonwealth Bank, who provided funding support as part of its commitment to industry and regions.

The project was undertaken under the direction of Heather Ridout, Executive Director, Public Policy and Communications. Gillian Gribble and Tony Pensabene developed the research methodology and wrote the report, with computing assistance from Elizabeth Toussaint. Thanks should also go to publications, policy and media staff, and Ai Group's regional managers who supported the study.

The study would not have been possible without the contribution of the hundreds of companies who participated. I'm sure this report provides a lasting record of the contribution of regional industry to Australia's economic development.



R N Herbert

Chief Executive

The role industry plays in regional economies is not well understood. Many believe rural and regional economies are one and the same, relying largely on agriculturally based industries. ■ Little work has been done to measure the importance of value adding industries to regions. Nor has there been any significant analysis to determine what investments industries are making in regions and therefore how well they are placed to face a future in a globalised environment. In the current debate, the Australian Industry Group and the Commonwealth Bank believe such measures are fundamental. ■ *Industry in the Regions 2001* provides an assessment of the viability of regions based on the economic relationships between industries within regions, the domestic and global economies. The mapping of these economic relationships is a significant piece of original research providing powerful recommendations for regional economic development. There is also an analysis of the investments that business is making to secure its economic future in capital, innovation, skills and information technologies. >>

Executive summary

Industry contributes significantly to regional economies by buying production inputs locally, by providing jobs and by drawing financial resources to regions through the selling of products outside the region. Increasing this contribution will require a focus on building the performance of existing industry and attracting new industry to regions.

This study shows that company performance can be improved by focusing on growth through expenditure on plant and machinery, investment in skills and research and development and on increasing the uptake of information technologies. These are improvements which companies can undertake.

This study also highlights the potential contribution that smart industry policy can make to the development of regional economies. Governments can then work on creating an environment conducive to industry attraction and development.

Background

“Regional Australia is looking for new directions in order to prosper in the new millennium and calls for a new regional economic policy agenda which has a significant priority from all levels of government”.

This was the major finding of the *Industry in the Regions*¹ survey conducted by the Australian Industry Group in early 1999. The survey, covering 600 regional businesses, was the beginning of planned activities by Ai Group to provide a focus on regional economies and highlight the important contribution of its members to regional development.

Respondents to the survey identified the health of the local economy as the most significant factor affecting business viability and growth. To this end, business indicated support for a regional development program as a shared responsibility with government.

New research

The on-going impact of structural change, globalisation and competition policy has changed the nature of industry in regions, even in the two years since the last survey.

In 2001, Ai Group with support from the Commonwealth Bank, will complete a further two part study on regions and their industries. The first, is a survey of regional industries, the findings of which are contained in this report. The second, is a detailed case study analysis based on selected regions of Australia, to be completed before the end of the year.

The *Ai Group-Commonwealth Bank Survey* contains the survey results of 635 businesses employing 40,150 people and \$9.5 billion in turnover. The *Survey* was conducted in early 2001 based on a sample of 2,000 regional firms in New South Wales, Victoria and Queensland. The response rate of 32 per cent is high for a mail-out survey and reflects the strong interest of regional industries in expressing their views about current and expected future performance.

The companies were located in regional New South Wales (273), Victoria (193) and Queensland (169). The regions cover *Hunter* including Central Coast (73), *Illawarra* (42), *Western Sydney* (88), *Albury-Wodonga* (48), *Ballarat* (52), *Loddon-Mallee* including the North and Central Victoria (36), *Gippsland* (32), *Geelong* (64), *Southern Queensland* covering fringe Brisbane, Ipswich, Sunshine Coast and Toowoomba (79), *Northern Coastal Queensland* covering Cairns, Mackay and Townsville (26), *Gold Coast* (33), and *Central Coastal Queensland* covering Gladstone and Rockhampton (28).

¹ *Industry in the Regions*, Australian Industry Group, 1999

Executive summary

Objectives

The main objective of the study is to provide an analysis of the contribution of industry in regional Australia. This is achieved by looking at:

- the size and structure of industry located in the surveyed regions;
- the perceived advantages and disadvantages of industry location within regions;
- business confidence on economic performance among the surveyed regions;
- the strength of industry in the regions through the economic flows of sales and purchases;
- the prospects for the future of regional economies based on current levels of company investment in capital, skills, research and development and uptake of information technologies; and,
- industry views on the priorities of government in creating a better future for regional Australia.

Findings

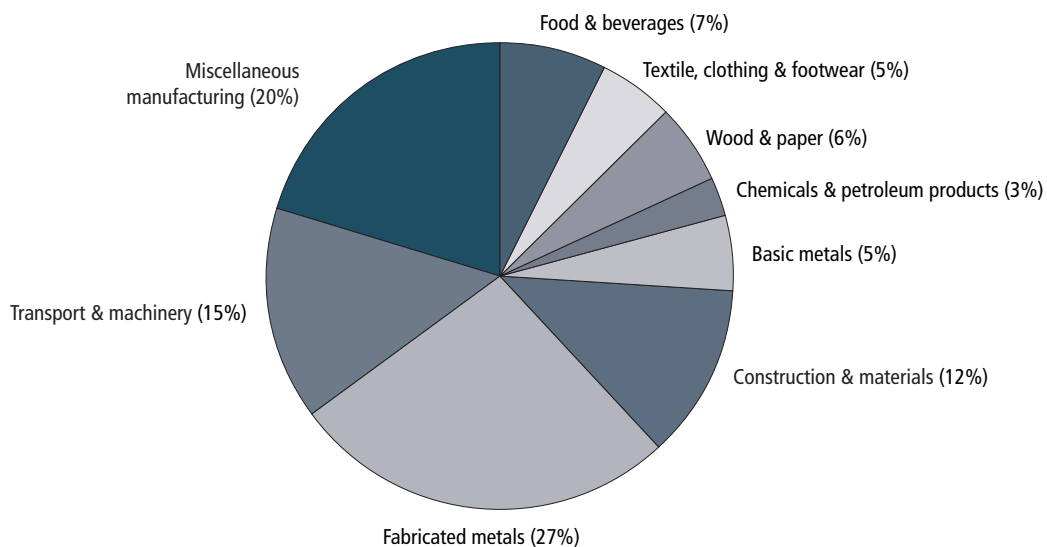
Industry and regions

A strong public perception in metropolitan areas of Australia is that rural and regional communities are one and the same. What is not well understood is that most regional economies have a strong base in value adding industries.

Representing one fifth of industrial activity in the selected regions, the survey provides a guide to activity in the regions. The responses highlight the continuing importance of specific industry sectors within each region as well as the diversification of industrial activity across the surveyed regions.

An overview of industry composition among the surveyed respondents is shown in Figure A.

Figure A: Industry composition



Executive summary

Economic performance

The disparate effects of structural change, globalisation and competition policy on regional economies has been the major reason given for the increased focus in recent years. The responses to the survey provide additional weight to this argument.

The majority of firms in the regions believe their economy has improved over the last three years. This is particularly so for the *Western Sydney, Loddon-Mallee, Gold Coast* and *Albury-Wodonga* regions, based on the net balance of firms (positive minus negative respons-

es) assessment of past economic performance (Figure B). A more moderate gain was identified by industry in the *Ballarat, Geelong* and the *Southern Queensland* regions. In contrast, regions which were considered to have performed poorly included *Illawarra, Gippsland, Northern Coastal* and *Central Coastal Queensland*.

A measure of regional sentiment regarding the economic performance can also be provided by comparing the region's performance with the rest of the state or nation (Table A). Overall, companies in the surveyed regions believed they had performed equally or better than the rest of the nation over the last three years.

Table A: Economic performance comparisons

	Much better (%)	Better (%)	About the same (%)	Poorly (%)
Rest of state	6	23	50	19
Rest of Australia	4	26	43	22

* Not stated not shown

Figure B: Industry perception of economic performance over the last three years by region



Executive summary

Those regions with firms perceiving their economic performance as being worse over the last three years, also believe their region's economy is performing poorly by comparison to the rest of the country. These include *Illawarra, Gippsland, Northern Coastal Queensland* and *Central Coastal Queensland* where regions are suffering job and industry losses.

Attracting industry to regions

Developing sustainable jobs will require a focus on maintaining and growing industries within regions. Understanding the advantages and disadvantages of location and the level of satisfaction with regard to infrastructure services can provide a focus to attract more industries to regions.

Respondents were asked to rank the main advantages of operating in the region. Regional lifestyle was seen as the chief benefit of location, reflecting the fact that

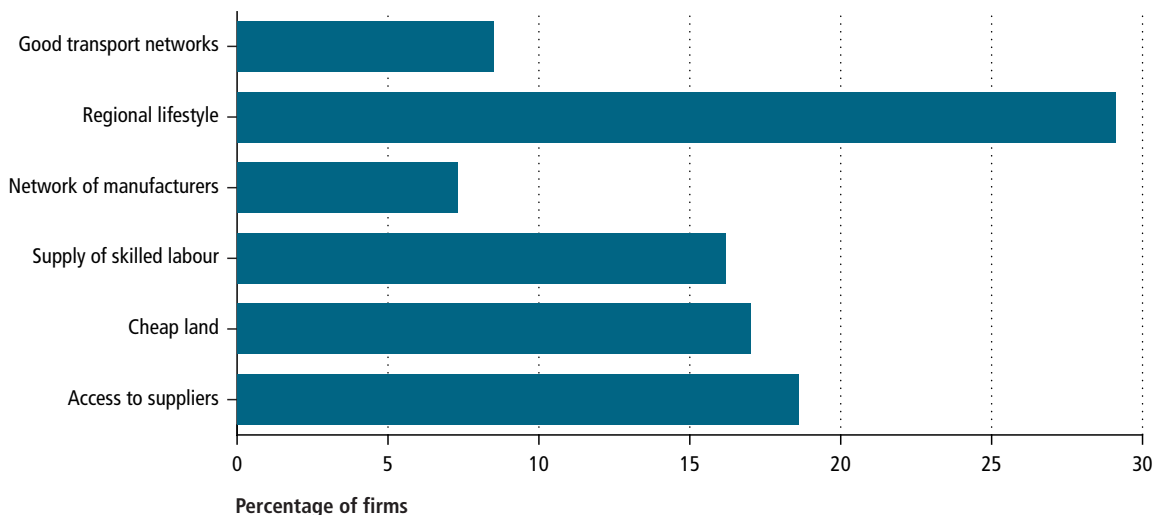
two thirds of surveyed firms had been operating in their region for fifteen or more years.

There was a high degree of commonality across regions with regional lifestyle, cheap land, access to suppliers and skilled labour identified as the main advantages (Figure C).

Figure D shows the main disadvantages of regional location as cited by companies. Overall, distance from major centres and the size of the local economy were regarded as the chief disadvantages.

Unlike the reported advantages, there was considerable variation among the regions with regard to the perceived disadvantages of operating in regional locations (Table B). In six of the regions, the greatest percentage of companies nominated distance to major centres, three regions identified the size of the local economy, two regions specified lack of skilled labour and one region nominated inadequate government support.

Figure C: Advantages of regional location



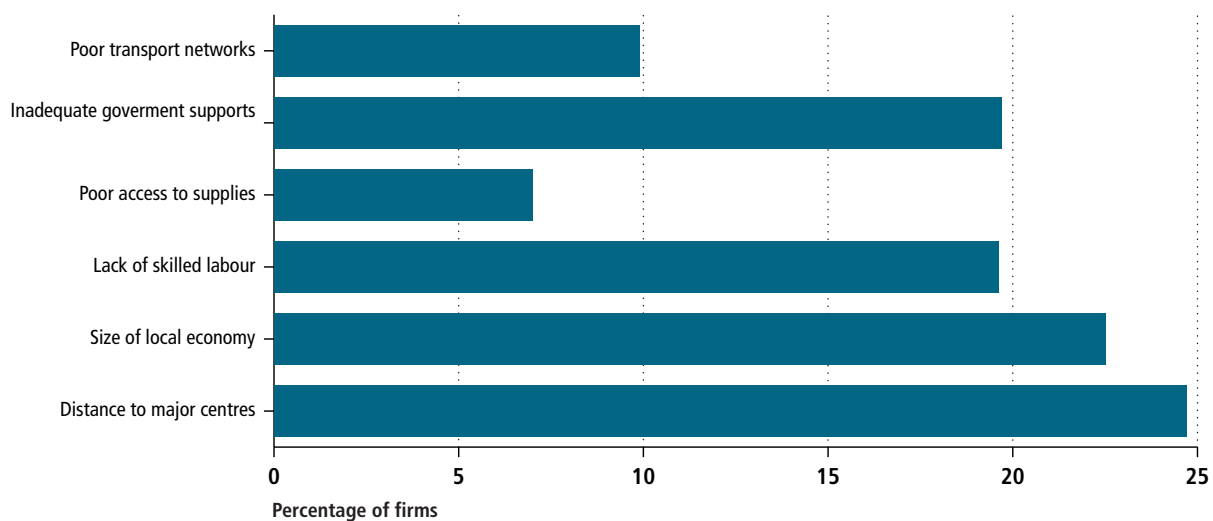
Executive summary

Table B: Main disadvantages by region

Region	Main disadvantages	
Hunter	Inadequate government support (31%)	Size of local economy (30%)
Illawarra	Size of local economy (37%)	Inadequate government support (16%)
Western Sydney	Distance to major centres (29%)	Inadequate government support (23%)
Albury-Wodonga	Lack of skilled labour (33%)	Distance to major centres (27%)
Ballarat	Distance to major centres (35%)	Lack of skilled labour (24%)
Loddon-Mallee	Lack of skilled labour (35%)	Distance to major centres (21%)
Gippsland	Size of local economy (31%)	Distance to major centres (28%)
Geelong	Distance to major centres (30%)	Size of local economy (28%)
Southern Queensland	Size of local economy (32%)	Lack of skilled labour (25%)
Northern Coastal Queensland	Distance to major centres (35%)	Size of local economy (32%)
Gold Coast	Distance to major centres (28%)	Lack of skilled labour (19%)
Central Coastal Queensland	Distance to major centres (27%)	Lack of skilled labour (23%)

* Figures in brackets denote percentage of firms ranking 1

Figure D: Disadvantages of regional location



Executive summary

There is a public perception that Australian regional infrastructure services are in steady decline. The results of this study show that this perception is certainly not uniform in relation to the various regions and infrastructure services. While rail services and local roads are generally viewed as poor, most regions were satisfied with the standard of other infrastructure services, particularly, water and electricity supplies (Figure E).

Importance of regional industries

The *Ai Group-Commonwealth Bank Survey* allows for an analysis of economic flows totalling over \$15.2 billion in the twelve regions, providing a guide to overall industry activity. Surveyed companies were asked to quantify sales, raw material purchases and capital investments and identify whether these transactions took place within or outside of the region. Estimates of salaries were also made and counted as an inflow into each region.

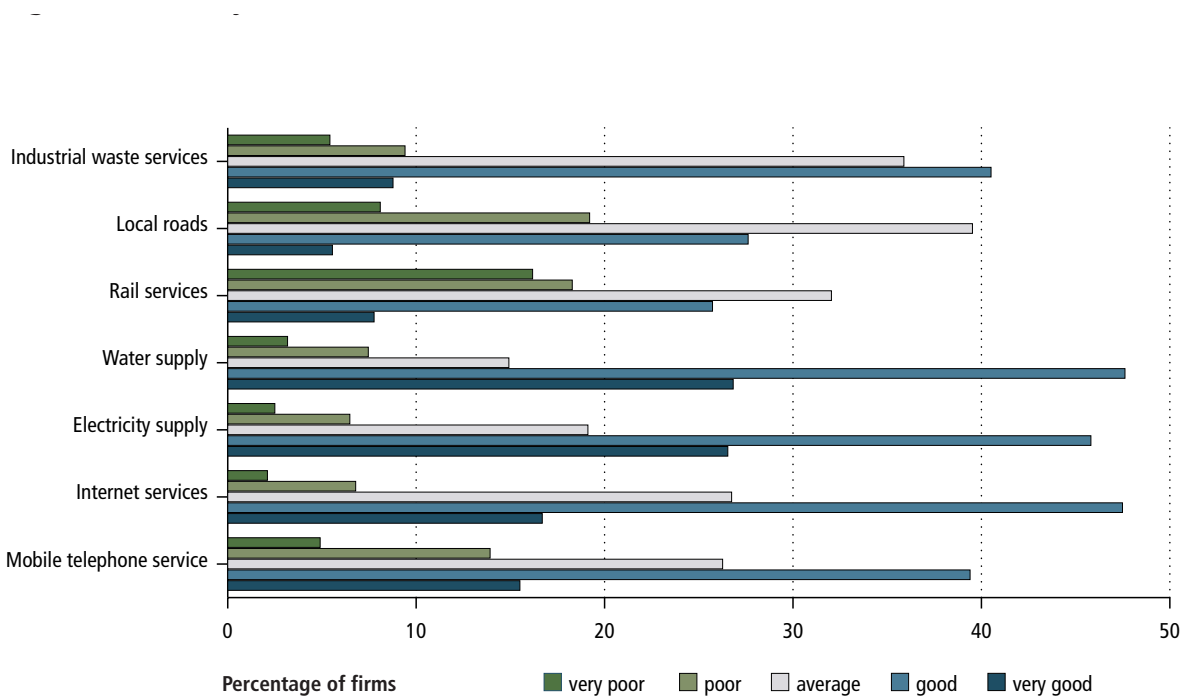
In summary, the 635 respondent companies in the twelve regions accounted for:

- \$9.5 billion in sales;
- \$3.8 billion in raw material purchases;
- \$371 million in capital equipment expenditure; and
- \$1.5 billion in salaries and wages.

The nature of the transactional flows for the twelve regions is shown in Figure F. Economic activity within the regions includes 23.1 per cent of all industry sales, the sourcing of 41 per cent of raw material supplies, and 24.1 per cent of capital equipment, and the generation of wages and salaries for the industry’s labour force. In financial terms, the net effect to the twelve regions from local industry transactions (expenditure on local raw materials, labour and capital equipment less local sales) is a gain of over \$1 billion.

Flowing to the regions are 76.9 per cent of all sales made by the surveyed companies. Flowing out of the

Figure E: Industry assessment of infrastructure services



Executive summary

regions are the financial resources associated with the purchase of 59 per cent of raw material supplies and 75.9 per cent of capital equipment. While it must be acknowledged that some of the external transactions will be across the twelve regions, the overall benefit of industry to the regions (external sales less external purchases of raw materials and capital) was substantial, with a net gain of over \$4.5 billion.

Within each region, the net benefit from external transactions were:

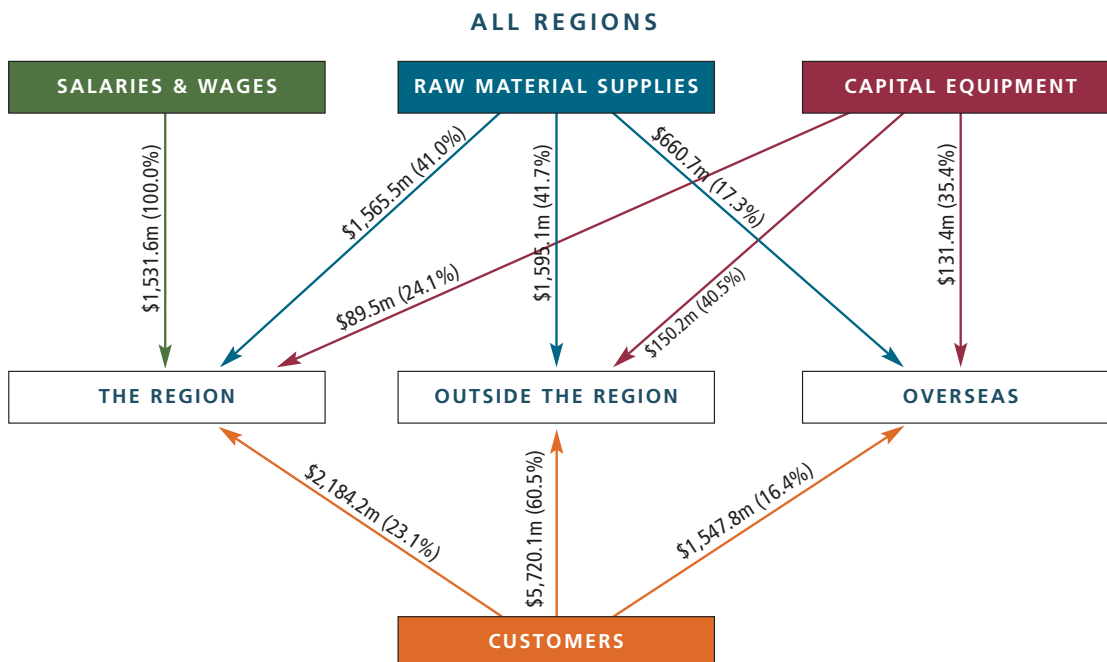
- \$790 million for the *Hunter* region (73 companies)
- \$237 million for the *Illawarra* region (42 companies)
- \$674 million for the *Western Sydney* region (88 companies)
- \$839 million for the *Albury-Wodonga* region (48 companies)
- \$553 million for the *Ballarat* region (51 companies)
- \$286 million for the *Loddon-Mallee* region (36 companies)

- \$81 million for the *Gippsland* region (31 companies)
- \$543 million for the *Geelong* region (64 companies)
- \$56 million for the *Southern Queensland* region (78 companies)
- \$167 million for the *Northern Coastal Queensland* region (25 companies)
- \$62 million for the *Gold Coast* region (33 companies)
- \$217 million for the *Central Coastal Queensland* region (28 companies).

The analysis shows that regions benefit most where industries provide jobs, purchase raw materials and capital locally, and look externally for markets both within Australia and overseas. This maximises the economic gain of financial flows to the regions.

To ensure a net benefit to Australia, import replacement must be based on local suppliers offering a similarly competitive product to that provided by external suppliers and the development of export markets. Greater inter-regional trade may benefit a single region

Figure F: Transactional flows across all twelve regions



Executive summary

but the loss of funds from other regions will not provide a net gain to the Australian economy.

Industry’s future in the regions

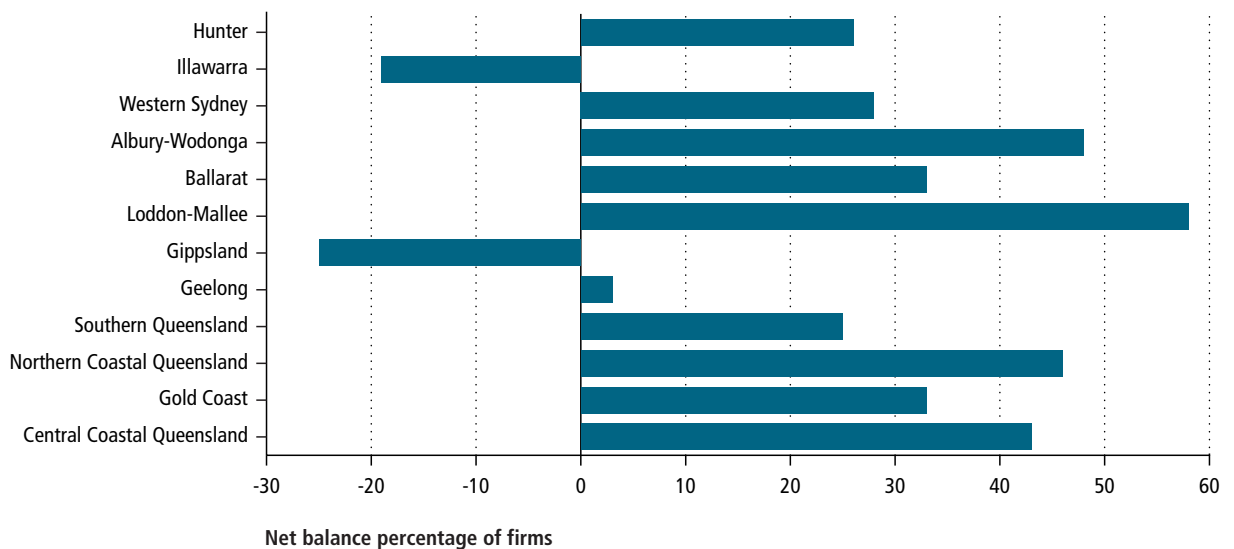
The *Ai Group - Commonwealth Bank Survey* has identified that regional industry is committed to the future development of their regions. They see prospects for growth over the next three years as positive. However, underlying this optimism are concerns about the capacity of regions to compete in the global economy.

Half of the surveyed companies believe that the economic performance of regional Australia will improve over the next three years compared to 25 per cent of companies who foresee a deterioration. All but two regions believe that their performance will improve as measured by the net balance of responses (positive minus negative responses) shown in Figure G.

However, most regions expressed a general feeling of insecurity about their place in the global economy. Almost 45 per cent of businesses surveyed believe regional economic performance is poor in comparison to the global economy while less than 18 per cent perceive this performance as good. It was only in the *Albury-Wodonga* and *Northern Coastal Queensland* regions that the net balance of firms believe their region was performing better than the global economy (Figure H).

While there are concerns about the capacity for regional industries to compete in the global marketplace, these concerns dissipate as companies and regions become more actively involved in pursuing export opportunities. Those regions where a high percentage of companies perceived the regional economic performance to be better included *Albury-Wodonga* (33%), *Loddon-Mallee* (24%) and *Northern Coastal Queensland* (31%). Each of these regions exported more than 20 per cent of their sales to overseas markets, representing 29, 20 and 24 per cent respectively.

Figure G: Industry perception of expected performance by region



Executive summary

Regions with a high percentage of companies perceiving their performance as worse than the rest of the world were *Gippsland* (69%), *Hunter* (47%), *Geelong* (44%), *Illawarra* (43%), *Ballarat* (42%), and *Southern Queensland* (42%). All but two of the regions exported less than 10% of the value of their sales to overseas markets. Importantly, companies in the *Hunter* and *Southern Queensland* regions have ranked export development and import replacement as an important priority for government.

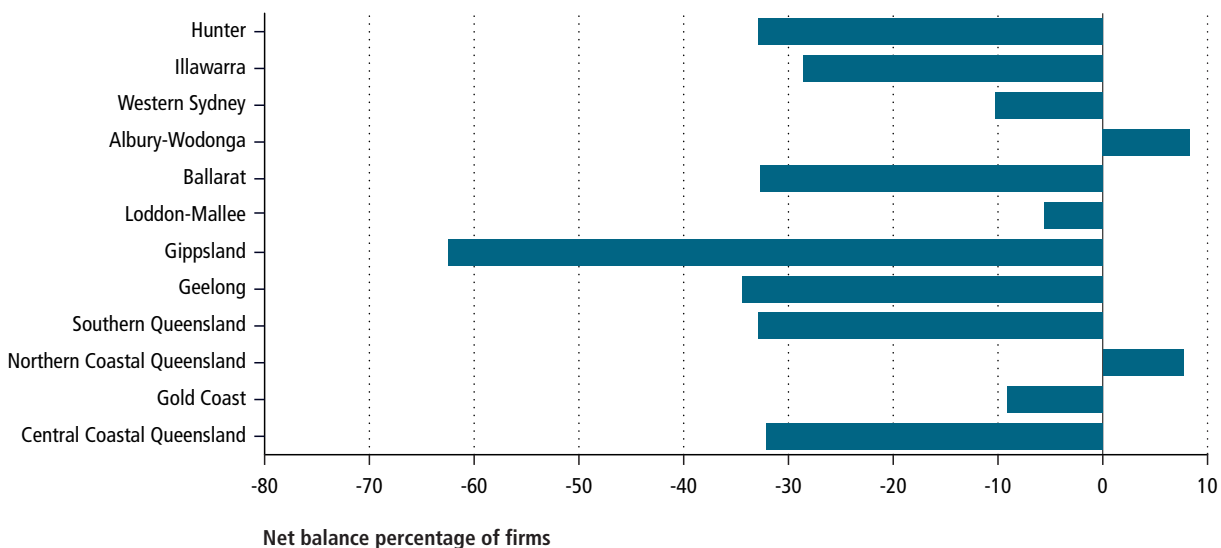
Globalisation will continue to impact on regional communities and it is essential that regions are armed with the necessary skills to tackle its effects in the future. How well regions are preparing themselves for this challenge can be gauged through an examination of the critical areas of capital investment, research and development, training and use of new information technologies. Regional industry was generally committing less resources to ensure their future competitiveness than industry overall.

Each year, Australian manufacturing spends about \$9.7 billion in new plant and equipment. This is equivalent to about 4.3 per cent of total turnover. The survey respondents collectively spent 3.9 per cent of turnover on new plant and equipment. Almost one in three firms (Figure I) spent less than 1 per cent of turnover on new capital, while an equal percentage spent more than 5 per cent.

There was also considerable variation across regions (Figure J). The highest rate of expenditure (as a percentage of turnover) on new plant and machinery was in the *Gold Coast*, *Illawarra*, *Geelong* and *Gippsland* regions. The *Hunter*, *Ballarat* and *Northern Coastal Queensland* regions had the lowest expenditure rate.

An examination of expenditure on capital in any one year, however has its drawbacks particularly as investment in plant and machinery is characteristically "lumpy". Nevertheless, the low level of investment

Figure H: Industry perception of expected performance in comparison to the global economy



Executive summary

compared to national averages does raise concerns about the ability of regional industry to maintain competitiveness.

The *Ai Group-Commonwealth Bank Survey* mirrors the results of the Ai Group study, *Trends in Research and Development Expenditure in Australian Manufacturing*² which showed a steady deterioration in R&D expenditure since 1995/96 with industry concerns for short term profits outweighing the need for long term growth and competitiveness.

Survey respondents indicate that 10 per cent of company profits are used for investment in research and development. Over one third (37%) of companies undertook no R&D activity (Figure K), which is well above the national average of 26 per cent recorded in the 1999 Ai Group study.

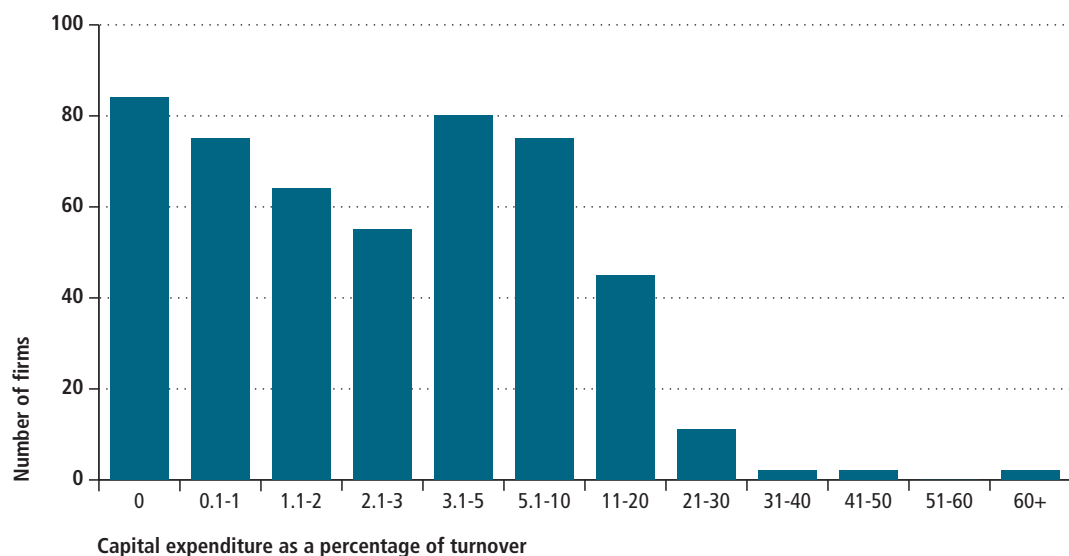
In regard to investment in skills, Australian business (1996) spent an average of 2.5 per cent of salaries on

training per year. This compares to an average of 2.5 per cent in the regional survey (or 0.4% of annual turnover).

Research commissioned by Ai Group in 1998 from the Allen Consulting Group found that “too few companies are committed to the level of investment in learning that the Australian community and industry needs”³. The situation for regional industries would appear little different from the national picture. The investment pattern in training is shown in Table C.

For those regions reporting a shortage of skilled workers, there was surprisingly a low level of company investment in skills. Indeed, for the *Ballarat, Loddon-Mallee, Southern Queensland, Gold Coast* and *Central Coastal Queensland* regions (all but one having training expenditure as a percentage of salaries below the national average), the lack of skilled labour was identified by industry as among the top two disadvantages of their region.

Figure I: Distribution of capital expenditure



² *Trends in Research and Development Expenditure in Australian Manufacturing*, Australian Industry Group, 1999

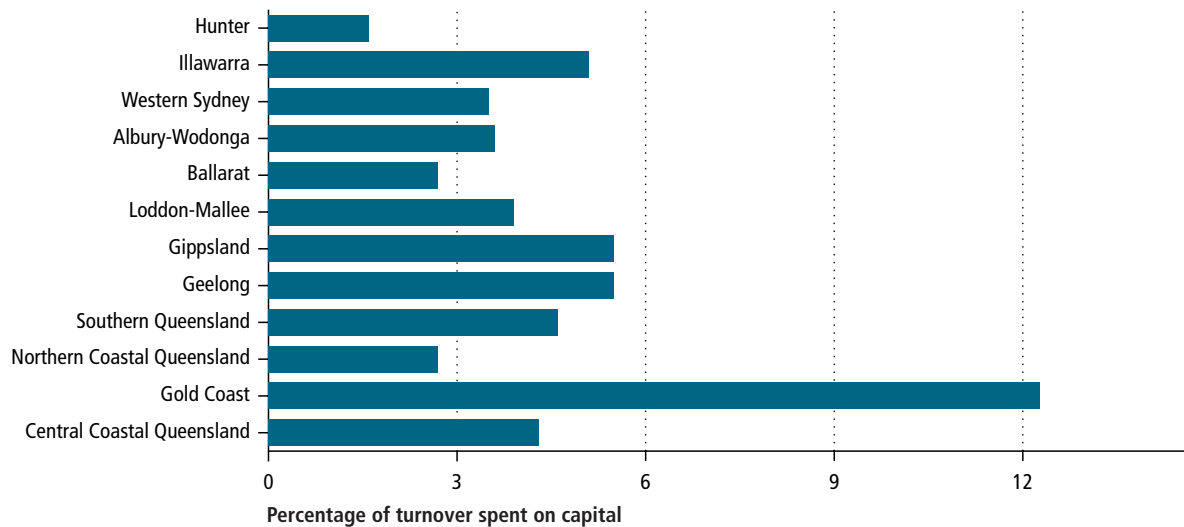
³ *Training to Compete, The Training Needs of Industry*, Allen Consulting Group, 1999

Executive summary

Table C: Company investment in training by region

	Training per firm (%)	Training per employee (%)	Training as a percentage of turnover (%)	Training as a percentage of salaries (%)
All	68,992	953	0.4	2.5
Hunter	131,423	1,106	0.5	2.9
Illawarra	66,800	1,145	0.5	2.9
Western Sydney	63,408	896	0.3	2.3
Albury-Wodonga	230,189	2,653	0.4	3.6
Ballarat	46,119	594	0.4	1.5
Loddon-Mallee	48,815	729	0.6	2.0
Gippsland	41,000	883	0.4	2.3
Geelong	38,686	469	0.5	1.4
Southern Queensland	22,804	497	0.6	1.3
Northern Coastal Queensland	79,750	812	0.5	2.0
Gold Coast	15,240	440	0.3	1.1
Central Coastal Queensland	70,059	740	0.6	1.8

Figure J: Expenditure on new plant and equipment by region



Executive summary

A final measure of regional industries capacity to meet the future challenges of the global market place is its uptake of e-commerce and information technology. The results of the *Ai Group-Commonwealth Bank Survey* can be compared to the Ai Group National E-commerce Survey conducted in June 2000 (Figure L).

A comparison shows a significantly lower regional usage (2.5% for the regional survey compared to 5.6 per cent for the national survey). The largest proportion of companies (48%) did not conduct any business on the internet in the regional survey (compared to 58 per cent in the national survey). In both surveys, only about 2 per cent of firms conducted over 20 per cent of their business on the internet.

There was significant variation across regions with regard to use of the internet, particularly the buying of products. Most companies (84%) use the internet for gathering information and sending messages, just over

half of firms (52.5%) are using the internet to promote the company, less than a third of firms (31.4%) use the internet to buy goods and services and less than a quarter (23.1%) to sell goods and services.

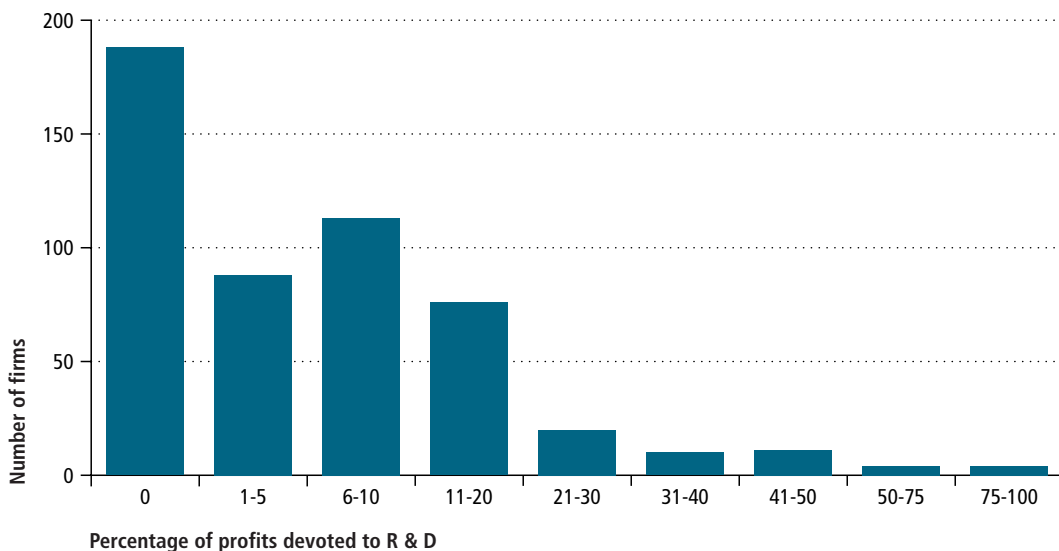
Overall, the survey has identified some progress in use of the internet by regions, but progress appears slow.

The role of government

Governments play an important role in facilitating the development of regions and their industries. The responses to the *Ai Group-Commonwealth Bank Survey* show a marked difference in industry views about the various levels of government.

Overall, almost half of the respondents believed local government was either supportive or very supportive to industry. This is most likely related to a greater ability by local government to deal directly with local

Figure K: Percentage of earnings used for research and development



Executive summary

matters. Around one third of surveyed companies also indicated they received support from the state government. Clearly, there were variations across states with regard to these perceptions. The relationship between industry and government in Queensland appears stronger than other states (Table D).

It is a common misconception that industry is looking for handouts from the government to solve the problems of regional disparity. The results of the last *Industry in the Regions*⁴ survey (1999) showed that 66 per cent of companies in regions did not access any form of government program. The majority of companies who did were using the apprenticeship incentives.

The *Ai Group-Commonwealth Bank Survey* identified industry attraction and development as the most important policy for governments (36% of companies) and this was consistent across the regions (Table E). An equal percentage of companies (around 18%) ranked

improvement in transport infrastructure, industrial relations, export development and import replacement policies as worthy of receiving the greatest attention from governments. However, their individual importance to regions varied quite significantly.

In relation to education and training, 12 per cent of companies believed it was the most important priority. This was also reasonably consistent across the regions. Reflecting a general level of satisfaction with regard to utility services, a minority of companies (5.7%) believed improved utility services should be the highest government priority.

Table D: Company views on government support for regional economies

	Local Governments (%)	State Governments (%)	Federal Government (%)
Overall			
Very supportive	13	2	1
Supportive	35	31	16
No impact	34	40	48
Unsupportive	13	22	25
Detrimental	5	5	10
Very Supportive or Supportive			
All	48	33	17
NSW	43	31	14
Victoria	49	34	16
Queensland	52	37	20
Unsupportive or Detrimental			
All	18	27	35
NSW	18	30	36
Victoria	17	25	37
Queensland	16	25	30

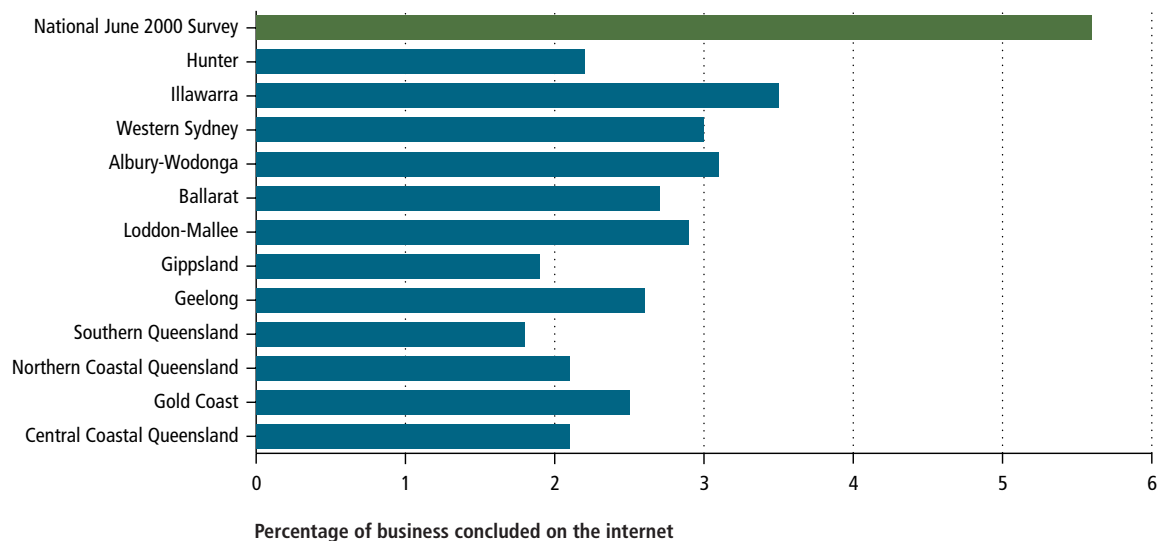
⁴ *Industry in the Regions, 1999*

Executive summary

Table E: Company responses to government priority by region

Region	First priority	Second priority
Hunter	Industry attraction/development (49%)	Export development/import replacement (25%)
Illawarra	Industry attraction/development (38%)	Improve transport infrastructure (18%)
Western Sydney	Improve transport infrastructure (27%)	Improve Industrial Relations (21%)
Albury-Wodonga	Industry attraction/development (33%)	Improve transport infrastructure (27%)
Ballarat	Industry attraction/development (40%)	Improve industrial relations (16%)
Loddon-Mallee	Industry attraction/development (37%)	Export development/import replacement (20%)
Gippsland	Industry attraction/development (45%)	Export development/import replacement (17%)
Geelong	Industry attraction/development (40%)	Improve industrial relations (35%)
Southern Queensland	Industry attraction/development (37%)	Export development/import replacement (25%)
Northern Coastal Queensland	Improve education/training (36%)	Industry attraction/development (28%)
Gold Coast	Industry attraction/development (33%)	Export development/import replacement (24%)
Central Coastal Queensland	Industry attraction/development (46%)	Improve industrial relations (21%)

Figure L: Percentage of business conducted on the internet by region



Executive summary

Lessons for regional industry development

While the purpose of this study was not to develop detailed policy solutions (as these must be developed by government in conjunction with regional industries themselves), it has nevertheless identified key areas for policy attention in securing the regions' future.

In summary, the key lessons for regional economic development are:

1. Regional industry contributes significantly to regional economies

The study has shown that industry is important to regional economies because they are net contributors, drawing more financial resources to regions than they take out. Maximising this contribution will require a focus on increasing external trade and the sourcing of production inputs, raw material and capital locally.

2. Industry in most regions is optimistic about their future

Most regions believe their local economies have improved over the last three years and will continue to improve in the next three years. This optimism should be fostered to create a community of spirit in implementing regional development plans.

3. Increasing the contribution of regional industry can be achieved by lifting company performance in key growth activities

The long term competitiveness and viability of industry in regions will require a focus on increasing investments in both physical and human capital. Further growth and opportunities will come from gaining markets outside the regions. The greatest benefit to the Australian economy will result if these markets are overseas. Indeed, industries in the regions that feel most optimistic about the future are those with more involvement in overseas markets.

Regional industries which are more likely to succeed in the global market have the characteristics of being

major investors in new technology; employing skilled labour; are export focused and users of local raw materials and supplies; competent in the use of IT and e-commerce; and are active in local industry networks.

4. Smart industry development strategies have the potential to contribute to regional economic growth

While this may at first glance appear self-evident, the survey has identified a strong and consistent message from regional industries that there is great potential for industry to contribute to regional economic growth, supported by smart government policies. Implicit in many company comments is a view that current regional development initiatives are not sufficiently targeted and/or customised to impact directly on regions.

The finding implies a need for governments to review and strengthen their regional development strategies. A coherent regional development policy needs to be articulated to regions, which not only sets out a broad agenda for action but also identifies how each region is to be assisted in developing its industry base.

5. Priority should be given to regional programs which encourage:

- **the development of new technology**
- **greater skills training initiatives and facilities**
- **regional industry to develop export markets**
- **import replacement by industry in regions**
- **the uptake of IT and e-commerce initiatives and**
- **the development of industry networks and leaders.**

The study has identified the benefits that regions and the nation gain from the development of regional industries. The maximum gain to regional economies and the Australian economy generally will occur if support is received from governments in these six critical areas.

6. Some regions need customised assistance

In each state there are a small number of regions that warrant special consideration and attention by governments because of high unemployment, significant industry loss and a perception of an uncertain future. These regions require customised support on top of the cache of regional initiatives available to all regions.